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Bureau Memorandum No. 57

FEDERAL SECURITY AGENCY
SOCIAL SECURITY BOARD
Bureau of Research and Statistics

Washington 25, D.C.

April 1944

This memorandum has been prepared for the use of the staff of the Social Security Board and for limited circulation to other administrative and research personnel concerned with the subjects here treated. It has not been submitted to the Board for official approval.

FOREWORD

Data collected or coordinated by the Social Security Board in discharging its responsibilities for administration and program planning have reflected administrative and research needs which vary among programs and with stages of development. Members of the Board staff and other persons concerned with social and economic studies who make use of social security statistics have needed, therefore, a concise record of operational factors and cautions to be considered in interpreting or comparing data, and a reference source to indicate the content, continuity, and periodicity of available statistics for each series.

This survey of social security statistics issued by the Social Security Board represents in major part the work of Herman Sturm, working under the direction of W. S. Woytinsky. Before he left for military service, Mr. Sturm, in consultation with the staff of the bureaus concerned, completed the introduction and first three sections covering old-age and survivors insurance, unemployment compensation, and public assistance. Subsequently a fourth section on social insurance and related programs and financial series, compiled in the Bureau of Research and Statistics, was added to round out information on all currently reported series. This fourth section was prepared in the Division of Coordination Studies and the Division of Finance and Economic Studies.

Illustrative tables and comprehensive bibliographic notes are omitted from this survey since specific references to data available for each year and program are contained in a separate publication, Tabular Guide to Social Security Statistics, prepared by the Division of Publications and Review, Office of the Executive Director.

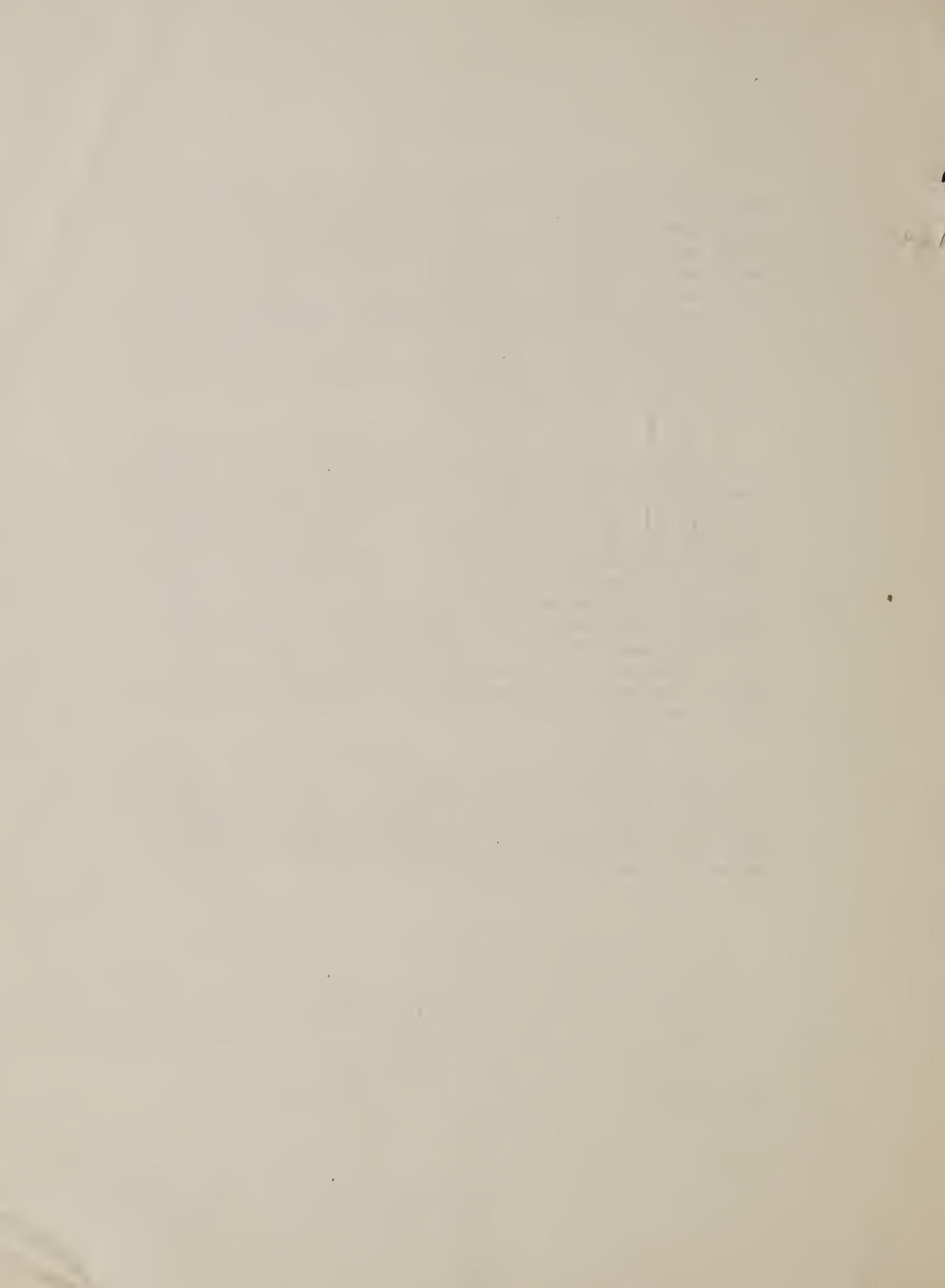
I. S. Falk, Director,
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SURVEY OF SOCIAL SECURITY STATISTICS

By

Herman Sturm

Bureau Memorandum No. 56

Federal Security Agency
SOCIAL SECURITY BOARD
Bureau of Research and Statistics

Washington 25, D. C.

March 1944

This memorandum has been prepared for use of
the staff of the Social Security Board and
for limited circulation to other administrative
and research personnel concerned with the
subjects here treated. It has not been sub-
mitted to the Board for official approval.

The primary purpose of this report is to furnish a guide to the scope, character, and sources of statistics made available by the operation of the three major programs of social security--old-age and survivors insurance, unemployment compensation, and public assistance--and of statistical series maintained by the Social Security Board on related programs. The administration of these programs and the study and evaluation of social security measures which are statutory responsibilities of the Board have furnished or led to the development of comprehensive information on wages, employment, and other labor-market factors; benefits under social insurance and related programs; all forms of public aid; and financial aspects of various social security provisions. These statistics are developed or compiled by the Board primarily for use in evaluating the extent to which the social security programs are meeting their goals; the data, however, provide extensive general information of economic and social significance. It is believed, therefore, that this report will be of value to research personnel of various agencies as well as to members of the Board's staff.

The data are subject to certain limitations imposed by the legislation and procedures under which they are developed. For example, the old-age and survivors insurance employment and wage statistics do not cover certain industries excluded from the program, nor do they include wages of covered workers in excess of \$3,000 a year. The unemployment compensation data likewise exclude some types of employment, and also, in most States, employees of small firms in covered industries; moreover, under this program exclusions vary from State to State. These and other administrative factors also affect the statistics for claims and benefits under both insurance systems; in the case of public assistance and related statistics, differences in definitions and practices among State and other agencies administering public aid programs are important factors; and in other comparative series on social insurance and related programs, and in financial data on social security, similar differences occur.

The employment and wage data, described in parts I and II, deserve particular mention. These statistics, derived from reports periodically submitted by employers subject to pay-roll contributions under title VIII of the Social Security Act¹ and to unemployment contributions under State laws, include practically all employment and wages in mining, manufacturing, construction, public utilities, and finance and related industries, and are among the principal sources used in the preparation of official estimates of employment, pay rolls, and income. Other features of the

¹ Titles VIII and IX of the Social Security Act - except section 904 - were repealed and reenacted as chapter 9, subchapters A and C, of the Internal Revenue Code, approved February 10, 1939. Amendments to the act approved August 10, 1939, authorize citation of these chapters as the Federal Insurance Contributions Act and the Federal Unemployment Tax Act, respectively.

statistics are the availability of many cross tabulations of workers and their taxable wages--by State, industry, sex, race, age, continuity of employment, and wage intervals--and the fact that the data measure employment in terms of the number of individuals employed during a quarter or during a year, as well as the number employed at a given time. For these reasons, the data cast light on many relationships and developments in the labor market for which other sources of information are not available. It is important to note that the employment and wage statistics for Federal old-age and survivors insurance (part I) and those for Federal-State unemployment compensation (part II) are collected independently; differences in coverage and in the procedures by which they are derived, therefore, condition their comparability and use. Nevertheless, the value of both series of data is enhanced by possibilities for utilizing one to supplement or substantiate information furnished by the other.

The four parts of this report correspond to the four bureaus of the Social Security Board concerned with statistics on social security programs--the Bureaus of Old-Age and Survivors Insurance, Employment Security, Public Assistance, and Research and Statistics. The sections in each part describe definitions, procedures, and references to available tabulations. The scope of the report is restricted to a discussion of periodic statistics resulting from the operation of the programs under the Social Security Board and of periodic data assembled by the Board for related programs administered by other agencies, and includes only series and tabulations of broad interest; no attempt has been made to include data from field or other special surveys, or statistics relating to internal financial or administrative operations. The principal sources of available statistics, which also contain more detailed description than is possible in this general guide, are referred to in the text. These sources are primarily the Social Security Bulletin, its annual supplement the Social Security Yearbook, the Annual Report of the Social Security Board, and periodic processed releases.

To avoid reproducing tables to indicate the form and detail of available tabulations, the text of this survey carries specific references to the 1941 Yearbook and the Bulletin for February 1943, which are available in sufficient quantities to permit distribution to persons who receive this Bureau memorandum. Reference to the most recent published data for each of the 8 years of operations under the Social Security Act is indicated in chart form in the Tabular Guide to Social Security Statistics prepared in the Division of Publications and Review.

Further references to materials published by the Social Security Board are available in the annual indexes to the Bulletin, which has been published monthly since March 1938, and in the bibliographic section of the Yearbook for 1939, 1940, 1941, and 1942. Additional information on unpublished materials can be obtained from the bureaus of the Board responsible for the collection or analysis of the data.

I. OLD-AGE AND SURVIVORS INSURANCE

Scope and Procedures

The old-age and survivors insurance program established under the Social Security Act of 1935 and amended in 1939 is a Federal system providing for monthly benefits to eligible workers and their families when the wage earner becomes old and retires or to survivors when he dies. The program covers industrial and commercial workers in the continental United States, Alaska, and Hawaii. Benefits are determined for each individual according to his wages and employment in covered industry as shown by reports of employers. Costs of the program are borne by workers and employers through contributions on the first \$3,000 a year of each employee's wages in covered industries.

Old-age and survivors insurance statistics consist of the following principal categories:

1. Account numbers: Monthly counts and quarterly distributions of applicants for account numbers and distribution of accounts established, by State of registration and the age, sex, and race of applicants.

2. Employer identification numbers: Monthly counts of employers applying for new identification numbers under the program, by State, and quarterly distribution by industry, size of firm, State, and reason for application.

3. Quarterly employment and wages: Covered employers, covered employment, and taxable wages for each quarter based on quarterly reports from employers, with distributions in specific quarters by State, industry, and size of firm.

4. Annual employee wage records: Distributions and cross tabulations, based on wage records of covered workers and their taxable annual wages, classified by quarters of employment, levels of taxable wages, personal characteristics, and other factors.

5. Continuous work-history data: Annual distributions of workers with wage credits at any time since 1936, by patterns of years employed, cumulative wages, insurance status, quarters of coverage and employment, age, race, sex, and other factors.

6. Benefit statistics: Monthly and other periodic distributions by various characteristics of beneficiaries and types of benefit.

All these types of statistics are based on the same provisions respecting coverage and develop out of administrative or accounting processes. This section discusses coverage provisions, the effect of operating methods on statistical tabulations, and classification techniques.

Succeeding sections describe available data under each type of tabulation available under the old-age and survivors insurance program and refer to procedures and classifications pertinent to each separately.

Coverage

The program covers all persons performing services in an employer-employee relationship in employments not specifically excluded by law.^{1/} The principal excluded employments are agriculture, domestic service in private homes and college clubs, employment covered by the Railroad Retirement Act, service for Federal, State, and local governments and their instrumentalities, employment for nonprofit organizations engaged in religious, educational, scientific, and charitable activities, self-employment, family employment, and casual work not in the regular course of the employer's business. Prior to 1940, services on documented United States vessels and employment for member banks of the Federal Reserve System were also excluded.^{2/}

Wages subject to tax contributions represent, with certain exceptions, any remuneration received in covered employment, including the money value of wages paid in kind. Commissions and bonuses are considered as wages only if they are paid by an employer for services rendered in an employee status. Tips are excluded, unless they are accounted for to the employer by the employee. The following types of payments are also excluded: employer contributions under established private plans for benefits to all employees or specific classes of employees in the event of retirement, accident, sickness, medical expenses, hospital expenses, or death; dismissal payments when not legally required; and social security taxes of employees when paid by the employer without deductions from wages.

During 1937, 1938, and 1939, contributions were payable by both employer and employee on wages up to the first \$3,000 in a calendar year paid to an employee by each employer. Beginning with 1940, the employee's contribution has been based on only the first \$3,000 received by the individual regardless of the number of his employers in a year.^{3/} Wages received by individuals aged 65 or over in 1937 or 1938 were not subject to taxation, but their wages received after 1938 are taxable.

^{1/} Coverage provisions of the 1935 act and 1939 amendments are summarized in chart form in Social Security Bulletin, Vol. 2, No. 12 (December 1939), pp. 85-88.

^{2/} Under a 1942 ruling of the Bureau of Internal Revenue, most of the bank employees originally excluded (1937-39) were considered to have been covered since January 1, 1937. Available statistics of employment and wages prior to 1940, however, do not include data for these workers.

^{3/} Employees who contribute on taxable wages of \$3,000 from one or more employers are entitled to a refund if subsequent employers during the year deduct taxes from earnings, provided the employee claims the refund within 2 years after the calendar year in which the wages were paid.

The quarterly data on employment and wages under old-age and survivors insurance and the annual data from wage records refer only to covered employment and taxable wages.⁴ Workers ordinarily engaged in agriculture and other excepted occupations are represented in the tabulations to the extent that they earn some income as taxable wages from covered employment. On the other hand, any earnings from noncovered employment of workers ordinarily engaged in covered employment are not included in the statistics. The data furthermore fail to reflect the total wages in covered employment of persons receiving more than \$3,000. If a worker receives more than \$3,000 a year from one employer, his employer is not required to report the wages paid to the worker in all quarters subsequent to that in which a total of \$3,000 has been attained. Comparisons of employment and wages over a period of years must also take account of changes in coverage occurring in this period, such as the extension of coverage, beginning in 1939, to workers aged 65 or over and, beginning in 1940, to crews of merchant vessels and employees of member banks of the Federal Reserve System.

The benefits payable to an eligible worker upon retirement or to his survivors after his death are based on the taxable wages paid to him in covered employment beginning January 1, 1937. Accounts showing the quarterly wages of individual workers are maintained in the Accounting Operations Division of the Bureau of Old-Age and Survivors Insurance.

Industrial and Geographic Classification

Both the quarterly and annual wages and employment data by industry and State are affected by the method of employer reporting and by the system of classification. In the quarterly tabulations the State and industry codes used for all items were those assigned to the employer. The Bureau of Internal Revenue has permitted employers to make their quarterly tax reports on a company, rather than an establishment, basis. Consequently, in the past years the industrial classification of employers has been based on the principal activity of the company, not of the establishment, and the State is the State of the employer's reporting headquarters. Because of this procedure, clean-cut classifications of quarterly employment and wages by individual industry and State are not possible, since many employers operate establishments in more than one industry and in more than one State. In the annual employee tabulations, however, the State code was obtained from a section in the body of the tax report, which shows the State of employment for each wage item. In summarizing the wage items for individual employees, no difficulty arose in classifying an employee who worked in only one State and one industry, since all his wage items would have the same industry and State codes. Employees of more than one State or industry were

⁴ Comparisons of the coverage of employment and wages in old-age and survivors insurance with that of unemployment compensation data and with labor force and Department of Commerce estimates of all wages and salaries are given in part II.

classified on the basis of the codes in only one of the wage items (see footnote 23). To reduce overlapping among industry groups, classification of the available data has been limited to 66 major industry groups, designated by a 2-digit code. 5/ Most employers could be classified by industry group without particular difficulty, since the great majority of the firms--about 97 or 98 percent--operate in a single group of industries, though they may have establishments in different States. However, the multi-industry employers operating in two or more industry groups are the largest employers in the country and employ between 40 and 50 percent of all covered workers.

Multi-industry firms engaged in similar combinations of industries were grouped. An example of a multi-industry group is a group of multi-industry firms each of which, in addition to manufacturing steel products, operates in one or more separate establishments either iron mines, bituminous-coal mines, coke ovens, warehouses, administrative and sales offices, or the like. The workers and their taxable wages of each group were distributed by State and for any one State were then allocated to the primary industry of the multi-industry group within the State. The primary industry was considered as the one with the largest number of employees engaged in the productive or operating units of the component concerns, as distinguished from the units engaged in processing byproducts or raw materials or in activities of merely accessory or auxiliary character. For establishments in the group illustrated above, in Minnesota the primary industry would be iron mining in terms of number of employees engaged in major productive or operational activities, while in West Virginia bituminous-coal mining, by the same criteria, would be the primary industry.

The procedures used resulted in some bias in the distribution of employment and wages among industry groups. Activities like iron mining, which appear more frequently as secondary than as primary activities of multi-industry employers, show smaller totals than should be the case. Industries like steel manufacturing, on the other hand, which are more likely to represent the primary activity of such employers, show correspondingly larger totals. In most of the industry groups the bias is believed not great enough to affect the distribution materially.

Except for workers and taxable wages in 1938, industry totals for the United States as a whole represent the sums of State industry totals. United States totals for 1938 data were derived before State distributions were determined and represent a different allocation of the employment of multi-industry firms. In the case of the steel companies cited in the illustration above, all employment was classified in the manufacture of iron and steel and their products which is the primary industry from a

5/ The classification is based on the 2-digit Social Security Board Industrial Classification Code--which is similar to, but not identical with, systems used by most Federal agencies--rather than on the more recently assigned 4-digit code. See part II for discussion of industrial classification of wages covered by State unemployment compensation laws.

Nation-wide standpoint. For 1938 data, therefore, published data on industrial distributions for the United States do not equal the totals for all States.

The Bureau of Old-Age and Survivors Insurance, aided by the Bureau of Internal Revenue and other agencies, is now completing a program which will utilize establishment reporting by employers and make possible accurate classification of employment and wages based on a 4-digit industry code and geographic classification by counties. The program involves the voluntary cooperation of multi-unit employers in submitting information concerning the nature of business conducted in their establishments in greater detail than was originally obtained 6/ and in grouping on the quarterly reports the wage items and wages for each establishment with a distinct activity. The work is in an advanced stage, and employers representing a large proportion of taxable wages and covered employment are cooperating. Data classified by a 4-digit code may become available with the annual wage-record statistics for 1944. The possibility of obtaining reports on employment in the last pay period 7/ by 4-digit industries and with an establishment break-down is now under active consideration. An advantage of this project is that it will facilitate closer coordination of industry classification for old-age and survivors insurance with unemployment compensation statistics and the statistics of other agencies and would contribute toward use of old-age and survivors insurance data as bench marks in estimating current employment. 8/

Applications for Account Numbers and Identification Numbers

Employee Account Numbers

Each worker engaging in covered employment is required to have a social security account number, which is used to identify wages reported for credit to his account. These numbers are issued through local offices of the Social Security Board, where the applicant fills out Form SS-5 (chart 1) and receives an identification card with his name and a previously entered nine-digit number. The account number is intended to serve the applicant throughout life and is also used by State unemployment compensation agencies and other organizations as a convenient means of identifying individuals. Of the nine digits in the account number, the first three, called the "area" number, indicate the State in which the application was filed; the next two are called "group" digits and the last four, "series" digits. 9/ From the application made on Form SS-5 a punch card, referred

6/ This information will relate to the nature of business both in 1939 and in 1942 and will, therefore, afford comparisons of conversion to war production in this period.

7/ See page 11.

8/ Beginning in 1943, industrial codes assigned by the Bureau of Old-Age and Survivors Insurance were used by the State unemployment compensation agencies in classifying new employers reporting to them and arrangements are under way for coordinating all industrial coding for the two programs.

9/ A worker without an account number who enters the service of an employer covered by the Railroad Retirement Act receives a number with a "7" as the first "area" digit. This group is referred to as the "700" or railroad retirement areas.

to as the actuarial card, is prepared in the Accounting Operations Division, showing the applicant's account number, name, date of birth, sex, race, and date of issuance of the account number. The actuarial card is used to prepare quarterly data on the characteristics of applicants.

Statistics on employee account numbers are a valuable source of information on the number and characteristics of persons entering the labor market or shifting into covered employment. Since all workers receiving wages in covered employment must have account numbers, many employers expect job seekers to have registered for such numbers before they apply for work. Most new entrants to the labor market, including some who may take jobs in noncovered employment, therefore file application for account cards as the first step in seeking work; in any case they must obtain them shortly after being hired on their first job in covered employment in order to have their wages properly recorded. The account-number statistics do not segregate new entrants to the labor force from applicants who have previously been employed in noncovered industries, but the age, race, and sex distributions in the data offer indications of the size and composition of groups entering the labor force or shifting from noncovered to covered employment.

The registration of applicants for account numbers began on November 24, 1936, and was carried out, after wide publicity, by the Social Security Board and the Post Office. During 1937, the assignment of numbers covered mainly workers having jobs in covered employment but was not limited strictly to this group. Some 2 million cards were issued to persons employed on WPA projects and others among the unemployed, and to workers aged 65 and over, who were not covered by old-age insurance until 1939 but who were included in the State unemployment compensation systems. Beginning with 1938, when the initial registration had been completed, special efforts to encourage applications were discontinued, but numbers were issued without restriction to any person who applied. In 1941, however, a policy of discouraging applicants who had no real need for filing was adopted, and special measures were taken to reduce the issuance of multiple account numbers. 10/

The statistics of employee applications for account numbers include current monthly totals and quarterly and annual distributions by state of registration, age, sex, and race. Beginning January 1943 State distributions were eliminated in the quarterly data, but were retained on a 20-percent sample basis for the year as a whole, showing sex and race distribution only.

10/ A multiple account number is one issued to an individual who already has received a number. Generally it is issued when a worker has lost his account-number card or does not have it with him when he is seeking a job and reapplyes without indicating that he already has a number.

Chart 1.--Old-age and survivors insurance application and report forms

EMPLOYER'S APPLICATION FOR IDENTIFICATION NUMBER

ORIGINAL Page 1

Form SS-4 UNDER FEDERAL INSURANCE CONTRIBUTIONS ACT

TREASURY DEPARTMENT INTERNAL REVENUE SERVICE
Revised November 1940

(If space provided for answers is inadequate, attach separate sheet.
Number answers to agree with questions appearing on this form.)

1. Name of employer
(Enter true name of employer, as distinguished from trade name, if any. This name must be the one under which tax returns will be filed. See instructions)

2. Class (check (/) which): Individual _____; Corporation _____; Partnership _____; Other _____ (Specify, such as "Estate")

3. Trade name, if any _____

4. Principal place of business _____ (Enter here employer's business name or names if different from Item 1; otherwise enter "Same as Item 1")
(Number) (Street) (City)

5. Total number of employees _____

6. Describe fully exact nature of business
(a) Principal products manufactured, or services rendered _____

7. Does the employer named in Item 1 operate more than one place of employment? Yes _____ No _____
If answer is YES, attach a list showing for each separate place of employment: (a) the name and address,
(b) the nature of business operated, and (c) the number of employees.

8. If the present employer has taken over a previously established business:
(e) Give the previous owner's _____ (Name and identification number, if known)

Give date on which business was purchased or otherwise acquired _____ (Month) (Day) (Year)

December 31, 1936, on which the employer in Item 1 had ONE or more employees in
the business (See instructions) _____ (Month) (Day) (Year)

14. Date
quarter
ended

DO NOT DETACH AT THIS LINE
EMPLOYER'S REPORT OF TAXABLE WAGES PAID TO EACH EMPLOYEE
(List all employees to whom taxable wages were paid during the quarter)

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OF INSTRUCTIONS ←

→ IF ANY EMPLOYEE'S ACCOUNT NUMBER IS UNKNOWN

Unless otherwise stated, the data exclude account numbers issued in the railroad retirement "areas."

Monthly counts.--Current total counts of employee applications for the United States and for each State in which the account number was issued have been made monthly beginning with November 1936. Since these counts are made when the applications have been received in the Baltimore office, a slight lag may occur from the time when the application was made in the field office to the time of the count. This series is no longer published but is available upon request to the Analysis Division, Bureau of Old-Age and Survivors Insurance.

The monthly totals are subject to correction for voids, which are account-number cards rejected in the field office because of damage or for other reasons, and for multiple account number.^{11/} Difficulty in developing a completely comparable monthly series arises from the fact that application figures were counted on a calendar-month basis through November 1940, but thereafter on the basis of periods of 4 or 5 weeks ending with the last Friday of each month. To analyze monthly changes in applications, averages of the daily gross totals for each month should be used after adjustments for voids and multiples.

Annual and quarterly distributions.--Tabulations of account-number applicants by sex, race, and age are available quarterly beginning 1938. In 1937 two sample tabulations of applicants were made, showing distributions by sex, race, and age for each State and for the United States. One made in April, covering roughly 40 percent of the applications received during the first few months of registration, is generally referred to as the "11-million sample." The other, prepared at the close of 1937 on a 10-percent basis, represented a random sample of all account numbers in the actuarial file as of December 31, 1937.

Beginning with January-March 1938, tabulations of applicants for each quarter and year have been on a 100-percent basis.^{12/} The data for each State and for the United States are distributed by sex, race (white and other; Negro) and 5-year age interval, with separate groups for those under 15 years and for those 70 years of age and over. Tabulations by single year of age between 15 and 70 are available for some periods. Prior

^{11/} At the close of 1942, 68,540,000 social security account numbers had been issued, including 131,000 field-office voids for which no accounts had been established and 1,885,000 discovered multiple accounts. Since many multiple accounts remain undiscovered, the figures are subject to further adjustment. The greatest number of voids and multiple account numbers were issued in 1936-39.

^{12/} For 1938, distributions by age, sex, and race are available for each month, but adjustments are necessary if these distributions are used for seasonal analyses, since they relate to the month when the cards were tabulated rather than to the month when the applications were received. A suggested adjustment may be found in Woytinsky, W. S., Fluctuations in Employment Covered by the Federal Old-Age and Survivors Insurance Program, Bureau of Research and Statistics Memorandum No. 40, August 1939, pp. 53-70.

Table 1.--Old-Age and Survivors Insurance: Gross total and average daily number of applicants for employee account numbers,^{1/} by month, 1937-42 ^{2/}

In thousands

Period ^{3/}	Total number	Average daily number	Total number	Average daily number	Total number	Average daily number
Total..	1937 ^{4/}		1938		1939	
	37,225	92.6	6,319	17.3	5,568	15.3
January...	5,987	193.1	692	22.3	434	14.0
February..	1,177	42.0	500	17.9	338	12.1
March.....	1,623	52.3	507	16.4	371	12.0
April.....	1,029	34.3	488	16.3	358	11.9
May.....	1,026	33.1	452	14.6	368	11.9
June.....	2,253	75.1	496	16.5	502	16.7
July.....	1,908	61.5	560	18.1	494	15.9
August....	1,592	51.3	619	20.0	549	17.7
September.	1,063	35.4	528	17.6	502	16.7
October...	964	31.1	547	17.6	614	19.8
November..	713	23.8	457	15.2	537	17.9
December..	689	22.2	473	15.3	501	16.1
1940		1941		1942		
Total..	5,190	14.2	6,684	18.3	7,483	20.5
January...	458	14.8	544	15.5	451	12.9
February..	339	11.7	408	14.6	378	13.5
March.....	336	10.8	392	14.0	383	12.7
April.....	361	12.0	429	15.3	433	15.5
May.....	334	10.8	599	17.1	699	20.0
June.....	433	14.4	802	28.6	803	28.7
July.....	501	16.2	760	27.1	1,050	30.0
August....	514	16.6	797	22.8	651	23.3
September.	445	14.8	524	18.4	587	21.0
October...	511	16.5	590	16.9	784	22.4
November..	462	15.9	416	14.9	638	22.8
December..	496	17.7	423	15.1	626	22.4

- ^{1/} Includes cumulative total of 114,000 voided account numbers for which no accounts were established, through 1939, as well as approximately 8,000 voids each year in 1940 and 1941 and 1,400 in 1942. Also includes 1,885,000 multiple accounts which had been found through December 1942.
- ^{2/} Includes Alaska and Hawaii.
- ^{3/} Month represents calendar month through October 1940, thereafter 4 or 5-week period.
- ^{4/} Includes 17,202,000 account numbers issued in 1936, of which 300,000 were issued in November and 16,902,000 in December.

to 1940 the tabulations did not relate strictly to the calendar period in which the applications were received in Baltimore, although in general they are characteristic of those periods; beginning with 1940, the annual and quarterly tabulations cover applications received in the calendar period indicated. These distributions may not always coincide with monthly counts, however, since the latter are not currently based on calendar-month periods. The 1941 Yearbook, table 4, p. 117, gives data for 1941 and indicates the form in which statistics for prior and later periods are presented. For references to more detailed distributions, see the Tabular Guide to Social Security Statistics.

Beginning with January-March 1943, the quarterly tabulations excluded State distributions. Data by State, sex, and race are obtained for the year as a whole on a 20-percent sample basis.

Employer Identification Numbers

When an employer files a tax return with the internal revenue collector of his district for the first time, he must submit an application for an identification number on Form SS-4 (chart 1). This form calls for the name of the concern, location of its principal plant or business in terms of city, county, and State, the approximate number of persons employed, a description of the nature of the business, the principal products manufactured or the principal goods or services sold, and a statement as to whether the firm operates more than one establishment. The name of the applying firm is entered in a register for the internal revenue district in which the employer's principal place of business is located, and a nine-digit identification number is assigned to the employer. The application form is then sent to the Bureau of Old-Age and Survivors Insurance, where an employer identification card is punched with the employer's name, his identification number, and his geographic and industrial codes.

The Bureau of Old-Age and Survivors Insurance maintains a series of monthly totals of new employer identification numbers issued in each State, available on request. Since the Bureau of Internal Revenue requires application for a new identification number for each firm which moves to a different internal revenue district or which changes ownership or form of business organization, as well as for newly established trusts, estates, mortgagee ownerships, and the like, data on employer identification numbers assigned are subject to limitations as a measure of the establishment of new firms in covered industry. Figures for any given month also include older firms delinquent in reporting to the Bureau of Internal Revenue or only recently engaged in a type of work covered by old-age and survivors insurance.

The Bureau of Old-Age and Survivors Insurance has recently established a program of tabulating, for the Department of Commerce, quarterly data on business births and deaths. The business "birth" statistics are based on the applications for employer identification numbers (Form SS-4) and show distributions by State, industry, size of concern, and reason for new business. The employer "death" statistics, broken down in a similar manner, are based on lists of employers discontinuing business, obtained from the collectors of internal revenue.

Procedures

Quarterly employer reports.--Within a month after the end of each calendar quarter, every employer who has paid taxable wages to any workers during the period must forward taxes and file a detailed report on his employment and taxable pay roll with the United States collector of internal revenue for his district.^{13/} This report, made on Form SS-1a (chart 1), lists each employee and his taxable wages during the quarter, and calls for a total of the taxable wages paid to all workers. Each line of the list shows the taxable wages paid to an individual worker, with his account number, his name, and the State in which he was employed.^{14/} This information is referred to as a wage item. The employer is also asked to enter the total number of taxable employees on the pay roll covering the last pay period or periods of the quarter.

A summary of the wages paid by each employer to all workers is retained by the collector, who then forwards the reports, in blocks of approximately 1,000 wage items each, to the Bureau of Old-Age and Survivors Insurance. The SS-1a forms are processed each quarter. A previously prepared SS-1a Report Card for each employer, showing the employer's name, identification number, and geographic and industrial code, is punched with the number of employee wage items, the aggregate taxable wages, the total number of employees during the last pay period within the quarter, and the establishment number if more than one establishment is indicated. For each wage item on the form a wage-item card is punched with the employee's account number, the first seven letters of his last name and the initials, his taxable wages for the quarter reported by the given employer, and his State of employment. The employer's identification number, the period covered by the report, and the industrial and geographic codes, as well as the establishment number if available, are reproduced on these wage-item cards from the employer's report card.^{15/} To check for accuracy, the number of wage-item cards for each employer and the sum of the wages shown by the wage cards are balanced mechanically with the amount of wages and the number of wage items on the employer report card. The report cards then become available for quarterly statistical tabulations which show the aggregate employment and pay rolls of reporting employers.

Employers and employees.--In all available data, the number of employers represents the number of legal entities reporting as separate employing organizations. A large organization, which may be popularly regarded as a single employer but represents several incorporated entities reporting separately, is counted as several employers. The employer returns for years prior to 1943 did not show the number of establishments, but a large proportion of the multi-unit employers now report establishment breakdowns. This plan may be extended in the future to multi-unit concerns throughout the Nation.

13/ During 1937, the report was filed semiannually.

14/ If the employee worked in more than one State during the quarter, the State in which he was reported for unemployment compensation purposes is given, or otherwise the State in which he last worked.

15/ Other informational items required in the accounting operations are also reproduced.

The quarterly tabulations provide two sets of figures on employment for the United States as a whole and, in some cases, by State and industry. One refers to the number of employees in the service of reporting employers on the last pay roll of the pay period covering the calendar quarter (regardless of the length of the pay period, whether weekly, semimonthly, or other).^{16/} The other figure is the number of employees receiving taxable wages at any time during the entire quarter and is derived by adjusting the number of wage items reported for the quarter to take account of workers employed by more than one employer.^{17/} The first figure gives the number of workers in covered jobs at the end of the quarter, that is, at the end of March, June, September, and December, while the second reflects turn-over on these jobs, showing the estimated number of individuals who received wages in covered jobs at any time during the quarter (1941 Yearbook, p. 114).

Taxable wages.--The quarterly statistics include all taxable wages paid to workers in the calendar period. Since wages in excess of the first \$3,000 received by an individual from any one employer in a calendar year are not taxable, the amount of wages paid out in covered industries is understated in later quarters to a greater extent than in the early quarters of the year.

In computing quarterly averages of taxable wages per employee, total wages for the quarter are related to the number of workers during the quarter, since these wages were received by persons who worked at some time during the quarter, rather than only by workers in the last pay period of the quarter.

Periods covered.--In 1937, employers reported on a semiannual basis and were not required to report end-of-period employment. The 1937 tabulations corresponding to the quarterly data were of limited value and scope since they showed merely a distribution of reporting employers according to the number of wage items listed on the return for each half year. The quarterly tabulations, which began in 1938, have included as much as 95 percent of the total estimated wages and employment in most periods.^{18/} Since 1939 they have included all reports received as of a cut-off date set between 4 and 5 months after the close of each quarter.

Preliminary and tabulated totals.--Approximately 4 months after the close of a quarter, preliminary totals of employers, employees, and taxable wages are published in the Social Security Bulletin. The current quarterly totals are

^{16/} Excluding employees laid off. Prior to 1940, the employer had the option of stating end-of-quarter employment as of either the last day or the last pay roll. Large concerns as a rule appeared to take the latter alternative; with smaller firms the basis made little difference. Problems encountered in reporting recent end-of-period employment have made it necessary to suspend publication of these figures temporarily.

^{17/} If a worker has already received \$3,000 in early quarters of a calendar year from an employer, further wage items for this individual are not supposed to be reported in later quarters, even if the worker continues to be employed. On the other hand, the worker should be included among those reported employed at the end of the quarter if he was on the pay roll at that time.

^{18/} The proportion of the total number of employers included is usually lower because most of the employers whose reports are delinquent operate establishments with relatively fewer employees.

usually published in the February, May, August, and November issues, together with data for previous periods (February 1943 Bulletin, p. 52). These totals are prepared before the tabulation for the quarter is available and are estimated in advance on the basis of previous tabulations and administrative data, such as the number of employer returns and wage items received and Treasury reports on current pay-roll tax collections. The estimates are also checked with current series of employment and pay rolls from other sources. The preliminary figures are subject to revision when tabulation of the data is completed.

Both preliminary and revised totals are adjusted to allow for delinquent reporting and are subject to slight changes when all or practically all reports are received. The extent to which the number of wage items must be adjusted for persons employed by more than one employer during a quarter, in order to derive the number of employees at any time during a quarter, is indicated by annual tabulations of individual employee wage records showing the average number of wage items per individual employee.

Tabulations

Distributions by size of firm.--Employing organizations, employees, and reported pay rolls are distributed for the United States and in some instances for each State, by the number of employees in the employing organization during the last pay-roll period of the quarter. The State size-of-firm distributions relate to States in which employing organizations maintain their reporting headquarters, and not necessarily to the States in which their workers were employed.

The size-of-firm classification is in considerable detail, by intervals of one employee for firms with 1-9 employees and by larger intervals for larger firms (1941 Yearbook, p. 120).

In 1937, distributions were prepared for both semiannual periods classifying firms by intervals of the number of wage items reported. Beginning with 1938, size-of-firm tables have been prepared, usually for one quarter of each year--the first quarter in 1938 and the third quarter in subsequent years--based on the number of employees on the pay roll in the last pay period of the quarter. Beginning with the 1941 data, publication of these size-of-firm figures has been suspended because a large proportion of the employers failed to indicate the number of employees on the last pay roll of the quarter. Although not published, these figures have been prepared, after statistical adjustment, for the third quarters of 1941 and 1942, and are in preparation for the third quarter of 1943. These data are available, upon request, in the Bureau of Old-Age and Survivors Insurance.

Industrial distributions.--Distributions of reporting employers, taxable pay rolls, and employees at the end of the quarter, classified by industry groups, are available for the first and second quarters of 1938 and for all 4 quarters of 1939. Data on the estimated number of employees during the quarter and the amount of their taxable wages distributed by industry groups are available for all 4 quarters of 1940 (1941 Yearbook, pp. 121-122). Limited data by industry for the third quarter of 1941 are available upon request, and data by industry for the third quarter of 1943 are in preparation.

State distributions.--Data on the estimated number of employees during each quarter and the amount of their taxable wages by State of employment are available for the 4 quarters of 1940 (1941 Yearbook, p. 123) and for the third quarter of 1941; they will be available also for the third quarter of 1942.^{19/} As already noted, distributions of employees at the end of the quarter and of employing organizations, by State of headquarters of employing firms and by size of firm, are also available for several periods.^{20/}

Annual Wage Records

Procedures

Wage-item cards for a current year are matched with the previous year's employee annual summary cards by both the account number and name of the employee, and are accumulated and held for the time of posting. Wage-item cards which have not been matched in both respects by that time are suspended for investigation, later reinstatement, and processing.

Once a year the accumulated wage-item cards for each employee are posted to a ledger sheet maintained for his account. For every worker in covered industry in the course of a year there is at least one wage-item card for each quarter in which he received taxable wages.^{21/} During the process of posting, the employee annual summary card which had previously been prepared from the actuarial card is used to summarize the identified wage items reported during the year. The personal characteristics of the workers have been recorded on this card from the actuarial card; hence the annual summary card shows the worker's account number, name, sex, race, date of birth, taxable wages for the year, and cumulative wages since the beginning of 1937. Special statistical cards were reproduced from this card for purposes of the annual employee tabulations for 1937-40.

Statistical tabulations of annual employment and wage data for 1937 and 1938, covering all the accounts of workers with wages posted to their credit for the year, were made in a 3 or 4-month period following the processing of wage items for the fourth quarter of each year. Beginning with the 1939 data, to improve the efficiency and economy of accounting operations, the posting operations have been spread over the whole year. Accounts are divided into four posting groups, designated by the letters A, B, C, and D. The groups are posted for overlapping 12-month periods, beginning at intervals of 3 months.^{22/}

19/ Estimated distributions of employees by State of employment during the quarter are also available for the second quarter of 1938 and for the first quarter of 1939.

20/ See also Arnold, J. R., Keller, R. A., and Trafton, G. H., "Quarterly Employment and Pay Rolls Under Old-Age and Survivors Insurance, 1940," Social Security Bulletin, Vol. 5, No. 4 (April 1942), pp. 13-26.

21/ The worker may have more than one wage-item card for a given quarter if he worked for two or more covered employers or if he was reported by an employer on more than one line of the quarterly report.

22/ Thus, for the accounts in group A the wages for the preceding calendar year are posted during the 3 months beginning June 15. For those in group B, the wages for the last 3 quarters of the previous year and the first quarter of the current year are posted during the 3 months beginning September 15. The posting of the accounts in the other two groups is staggered in a similar way.

Since statistical tabulation on a 100-percent basis is not feasible under this "cyclical" posting procedure, tabulations are made on a sample basis. For 1939 the sample comprised approximately 20 percent, and for 1940 and 1941, 4 percent of all accounts; for 1942, the tabulations are being prepared from a 3-percent sample. The sample is taken from posting group A, which was set up to provide representation in all parts of the country, in distinction to the other posting groups, which cover separate geographic regions. The accounts included in the sample are those with specified digits in the account number; for example, in 1939 the accounts included were those with 2 or 7 as the sixth digit, and in 1940 those which also had 0 or 5 as the ninth digit in the account number.

In the course of posting a current year's wage data to ledger sheets under cyclical posting, a special statistical card is punched mechanically for the groups of workers included in the sample. This card shows a variety of information. For example, the card for 1941 showed the following principal items: wages for each worker for the current year and for each calendar quarter of the year, the worker's birth date, sex, race, and industry and State of employment.^{23/} Other information which has also been shown includes number of employer and State changes, specific quarters of the year in which taxable wages were reported, and number of wage items reported for the year and for each quarter.

The annual wage-record data are in many respects a new type of statistics on industrial and commercial workers. In the form of detailed cross tabulations, these tables show from year to year the annual employment and wages of individuals distributed by age, sex, race, State, industry, amount of wages, and whether the year is the first in which they were in covered employment. They include much information not available in other sources of data on employment and wages. Before discussing the available tables, brief reference should be made to certain procedural limitations affecting the tabulations.

"Carry-over".--The tabulation for any year does not include all reported wages and employment for that year; a tabulation "cut-off" date is set several months after the close of the year, and delayed reports or items not identified for posting as of that date are not included in the annual tabulation. For example, only wages reported and identified by July 9, 1938, were included in the annual tabulations for 1937. Wage items reported or identified for a given

^{23/} If a worker has been employed in more than one industry, the code for one industry must be selected mechanically. The same applies to the State code. Thus, in 1941, if taxable wages were reported for a worker for the third quarter of the current year, the industry and State of employment codes were obtained from the first wage card of the third quarter, in the sequence of cards for that account. For workers who had no employment in the third quarter, the industry and State codes were taken from the first wage card of the year. Thus, as a rule they were taken from the first, second, or fourth quarter, in that order of preference. By this method, which is made necessary by the limitations of the accounting process, all the wages for the year of each employee who worked in two or more industries or States were allocated to only one of them in the statistical tabulations.

year after its "cut-off" date has passed are carried over for posting and tabulation with the returns for the year following and are referred to as the "carry-over" of the earlier year. The carry-over includes items of two types: (1) additional taxable wages of workers for whom some wages were posted and tabulated for the year in which they were paid, and (2) all taxable wages of other workers who were not included in the tabulation for that year since no postings were made for them.

Adjustments for carry-over in each year, based on estimates derived from sample tabulations of carry-over items, were made for most of the 1937 and 1938 distributions. The adjustments increased the number of workers for both years and the wage total for 1937, but lowered the wage total for 1938. The original 1937 tabulations included 30.5 million employees receiving \$26.9 billion in taxable wages, and the original 1938 tabulations, 30.7 million employees with \$26.7 billion in wages. After the initial adjustment for carry-over, the estimated totals for 1937 were 32.8 million workers with \$29.3 billion in wages, and for 1938, 31.2 million workers with \$26.2 billion in wages. The average taxable wages for these years were originally \$881 and \$868; after adjustment they were \$891 and \$841 respectively.^{24/}

The carry-over problem has tended to diminish with successive years as knowledge of their responsibility for prompt and correct reporting has spread among employers and as posting operations have become more current. Eventually, it is hoped, the carry-over in any year will stabilize at a relatively constant percentage of employment and wages, so that automatic adjustments will be feasible. Corrections for carry-over were made only for a few summary tables for 1939 and 1940. In 1939 the original tabulation included 32.0 million workers with \$28.1 billion in taxable wages and indicated average taxable wages of \$877; after initial correction for carry-over, the estimated totals became 33.1 million workers with \$29.2 billion in wages, and the average wage was increased to \$882. Similar adjustments for carry-over in 1940 changed the totals for workers from 34.2 million to 35.2 million, and for wages, from \$31.0 billion to \$32.9 billion. The average wage increased from \$908 to \$935.

Wages reported under multiple account numbers.--The 68,540,000 account numbers issued by the end of 1942 included 1,885,000 which were discovered to be multiple account numbers. Upon discovery, multiple numbers are cross-referenced but left in the accounting files; moreover, wages reported under two or more numbers for one individual are posted to separate ledger sheets. A sample study for 1937-40 data indicated that 0.4 percent of the accounts with wage credits in 1937 were known to be second or additional account numbers issued to persons already having another number. On the basis of other studies, it is estimated that another 0.4-percent overstatement of the number of workers shown for 1937 is due to the existence of multiple accounts not yet discovered. This duplication would mean that the number of workers with taxable wages in that year was approximately 32.6 million, rather than 32.8 million. The average taxable wage would be increased from \$891 to \$901.

^{24/} These figures have recently been further adjusted for carry-over and multiples; for latest figures see Social Security Yearbook for 1943.

While the error introduced by this factor is relatively small in the first years of the program's operations, it tends to cumulate as time goes on. Thus, the proportion of duplication in the number of workers with wage credits at some time during 1937-40 is estimated at 1.14 percent. For any one year, however, the error is becoming smaller each year. The error results in an apparently larger proportion of employees with low amounts of wages than is the case. Wages for individuals at the lower end of the earnings scale, therefore, are subject to correction on this account to a greater extent than those in the middle or upper intervals.^{25/}

Exclusions.—Approximately 313,000 persons in the 1937 tabulations, and much smaller numbers in later years, were of unreported race or sex, or both. The tables excluded these workers and their wages, but footnotes indicated the totals involved. Workers whose age only is unknown were included in the tables but were listed in the age distributions as a separate group.

Workers whose account numbers were issued to them as employees covered by the Railroad Retirement Act, and their wages in employment covered by the old-age and survivors insurance program, were excluded from the annual wage tabulations for 1937 and 1938 but not from the estimated totals. The number of workers and amounts of wages involved were relatively small—98,000 workers and \$27 million in 1937 and 142,000 workers and \$39 million in 1938.

Size of sample.—The tabulations for 1937 and 1938 were made on a 100-percent basis. The 1939 data were the result of sample tabulations of 20 percent of the workers with account numbers; for 1940 and 1941, 4-percent samples were taken, and only summary tables were published in inflated form for 1939, 1940, and 1941; the more detailed tables, showing sample data, may be inflated to approximate universe totals by multiplying the sample figures by 5 or 25, according to the size of the sample.

Tabulations

Race, sex, and age.—Workers were classified in the 1937 and 1938 tables as white, Negro, and "all other"; the final tables for 1939, 1940, and 1941 included the "all other" group, which accounts for an insignificant part of the total, with white workers. Special tabulations for 1940, for California, Alaska, and Hawaii only, distribute the data into three racial groups. The race distribution was made for all workers in the tables for 1937, 1939, 1940, and 1941, but was limited in the 1938 tables to workers with taxable wages in the fourth quarter of 1938 in 13 Southern States. (See 1941 Yearbook, pp. 125-135, for illustrative tables for 1940.)

The age distribution (age at birthday nearest to July 1 of year employed) has generally been by 5-year age groups from age 15 through 69, with additional groups for workers under 15 years and those 70 years of age and over. Tabulations by single years of age are available in all ages for 1937; for other years, in ages 10 through 24 and 60 through 69.

^{25/} Beginning with the 1942 annual employee tabulations, the data will be adjusted for multiple accounts and carry-over.

Distribution by wage interval.--For 1937 data, distributions of earnings were by \$100 intervals, and for other years by \$200 intervals, up to \$2,999, with an additional interval of \$3,000 or more in 1937, 1938, and 1939. For 1940 and 1941, the additional interval was \$3,000 even ^{26/} (1941 Yearbook, pp. 136-140). Special tabulations of earnings of less than \$200 have also been made, for 1939, 1940, and 1941, by intervals of \$1-49, \$50-99, \$100-149, and \$150-199.

Industry and State distributions.--The industrial distribution used in the annual wage-record tabulations has already been described.^{27/} Tabulations by State of employment have been made for each year, but distributions by industry for 1938 and 1939 only. The 1938 and 1939 State and industry distributions are not strictly comparable. The 1939 tables included all workers with wage credits in that year; those for 1938 included only workers who received some taxable wages in the fourth quarter of that year, or 77 percent of all 1938 workers. The remaining 23 percent, who did not receive taxable wages during the fourth quarter, received smaller average wages for the year than those who were employed in that quarter. Consequently, the 1938 workers tabulated by industry and State represented a selected group with relatively favorable wages and employment experience as compared with that of 1939 workers tabulated by industry and State.

Continuity of employment.--Distributions by continuity of employment available for 1938, 1940, and 1941 are of two types, describing (a) the continuity of employment by number of quarters worked in a year, and (b) the continuity of employment from the standpoint of whether or not the workers received wages for the first time in the current year. For these 3 years the data were distributed by the number of workers with employment in 1, 2, 3, or 4 quarters of each year. Continuity of employment between years, among 1938 workers, was shown in separate distributions for workers with covered employment in both 1937 and 1938, and for those employed in 1938 only. In 1940 and 1941, continuity of employment between years was given special stress; most of the tables by age, race, sex, earnings interval, and quarters of employment also classified the data separately for workers with covered employment in the year and in 1 or more previous years and for workers with employment for the first time in the latest year only (1941 Yearbook, pp. 141-143).

^{26/} Prior to 1940, only wages received up through \$3,000 were taxable, unless they were received from more than one employer, in which case each employer (and the employee) was subject to tax for \$3,000 of wages. In 1940 and subsequently, only the first \$3,000 received by an employee was subject to taxation. If more than one employer contributed to the total of an amount over \$3,000, the amount paid by each was taxed, but the employee was entitled to a refund of taxes. The statistics for 1940 were adjusted to exclude amounts of wages over \$3,000 reported for one employee.

^{27/} Note that in the annual wage-record tabulations by State and industry of employment, it is necessary for mechanical reasons to allocate to one State or to one industry the annual employment of workers employed in more than one State or industry within the year. See footnote 23.

Available annual wage-record tables 28/—The published tabulations of workers in covered employment and their annual taxable wages, 1937-40, are shown below, with the type of distribution designated by letter; since it is obvious that summary tables are also available or may easily be derived, only the most detailed cross tabulations are listed.

In addition to the distributions included in this list, published wage-data tabulations include certain others of somewhat special interest.^{29/} These special analyses include (a) size distribution of the total cumulative earnings during the entire period 1937-39 of 1939 workers, crossed by their personal characteristics (included among the tables published in the 1939 volume of Old-Age and Survivors Insurance Statistics); (b) two studies of migrant employees, in 1937 and 1938, defined in the 1937 tabulation as workers receiving wages in States other than the one in which their account numbers were issued ^{30/} and in the 1938 study as workers with wages in more than one State during the year ^{31/} (the latter tabulation included data on the wages and

A - Age
S - Sex
R - Race
I - Industry group

E - Intervals of earnings
Q - Quarters of employment within year
C - Continuity of employment in 1 year
and/or in previous years

<u>Year</u>	<u>Workers and their wages, by-</u>	<u>Year</u>	<u>Workers and their wages, by-</u>
1937	R, S, for each State E, A, S, R, for the U.S.	1939	E, A, S, R, for the U.S. ^{33/} A, S, R, for each State E, S, R, for each State I, S, for each State A, I, S, R, for the U.S. E, I, S, R, for the U.S.
1938	S for each State Q, E, A, S, for the U.S. C, A, S, for the U.S. C, E, S, for the U.S. I, A, R, for specified States ^{32/} I, S, for each State ^{32/} Q, A, S, I, for the U.S. ^{32/} C, A, S, I, for the U.S. ^{32/} C, I, E, for the U.S. ^{32/} Q, I, E, for the U.S. ^{32/}	1940	E, S, R, Q, C, for the U.S. ^{33/} A, S, R, Q, C, for the U.S. ^{33/} E, A, S, R, for the U.S. ^{33/} A, R, S, for each State E, R, S, for each State S, R, Q, for each State E, S, Q, for 14 States ^{33/}

- 28/ The annual wage-record tabulations for each year are published in Old-Age and Survivors Insurance Statistics, a yearly compilation of tables for which volumes are available for 1938 (including also 1937 tables), 1939, and 1940. Summary tables and analysis are also published in the Social Security Bulletin and Yearbook.
- 29/ Other special tabulations prepared for Government and private organizations with particular interest in certain aspects of employment and wage characteristics have not been published.
- 30/ These tables were included in the 1938 volume of Old-Age and Survivors Insurance Statistics.
- 31/ Merriam, Ida C., and Bliss, Elizabeth T., Unemployment Compensation Rights of Workers Employed in More Than One State, Bureau of Research and Statistics Report No. 11, December 1941.
- 32/ Workers with wages reported for fourth quarter of 1938.
- 33/ Separate tables for 51 States are available in worksheet form.

employment of migrants, and also of nonmigrants, who worked for more than one employer); and (c) characteristics of railroad retirement account-number holders with wages in employment covered by old-age and survivors insurance, and the amount of their wages and extent of employment under each system.^{34/}

Continuous sample.--The Bureau of Old-Age and Survivors Insurance has completed tabulations of continuous work-history statistics, which describe for a representative sample of workers employed in covered activities, patterns of continuity, mobility, and other dynamic characteristics of employment over the periods 1937-40 and 1937-41. The data were based initially on a 1-percent sample including some 500,000 employee accounts during the period 1937-40 and have been expanded to include data for 1941; it is planned eventually to include 4 percent of the total accounts established.^{35/}

The tabulations for 1937-40 chart the year-to-year wage patterns of covered workers, showing the variations in their annual wages as well as their cumulative wages since 1936, and thus provide a measure of growth or decline in the earnings of workers over the 4-year period. In addition, they include information on patterns of quarterly employment in 1940. Workers are classified by sex, race, and age group, and the data show the specific years in which these groups of persons worked in covered employment over the period 1937-40, by State, insurance status, number of quarters of coverage, and other factors.

Claims and Benefits

Benefit Provisions

Under the Social Security Act of 1935, beginning in January 1937, payments in the form of lump-sum amounts were made to workers attaining age 65 or to the estates of deceased workers. The 1935 provisions for monthly benefits, to begin in 1942, were never effective, since 1939 amendments to the Social Security Act extended and revised the benefit schedule and made monthly benefits payable in January 1940. The 1939 amendments also suspended, as of August 10, 1939, lump-sum payments to workers at age 65, but the original provisions for payments to the estates of deceased workers are still in effect for delayed claims with respect to workers who died prior to January 1, 1940.

The monthly benefits payable to insured workers and their families under the 1939 amendments include (a) retirement benefits for workers retiring at age 65 or over with supplementary benefits for their wives of such age and their dependent children under 18; (b) survivor benefits for widows aged 65 years or over, widows of any age (widow's current benefits) if they have in their care an entitled child under 18 of the deceased worker, and children under 18 if unmarried; and (c) if no widow or children survive, monthly benefits for parents aged 65 or over who were financially dependent on the deceased worker. A lump-sum payment is provided if no survivor is entitled to monthly benefits for the month in which the worker died.

^{34/} Railroad Retirement Board, Joint Coverage of Railroad Retirement Act and Title II Social Security Act, September 1941.

^{35/} The description of type of data available, methods followed, and limitations of the continuous work history data, see Perlman, Jacob, and Mandel, B., "The Continuous Work History Sample Under Old-Age and Survivors Insurance," Social Security Bulletin, Vol. 7, No. 2 (February 1944), pp. 12-22

The worker must be fully insured to be eligible for retirement benefits and to permit payment of supplementary benefits for his aged wife and children, i.e., he must have received not less than \$50 in wages for covered employment in each of half the calendar quarters elapsed since 1936 or since he attained age 21 and prior to attainment of age 65, with a minimum number of 6 such quarters of coverage. Retirement and supplementary benefit payments are withheld for months in which the beneficiary or the person on whose wage records benefits are based earns \$15 or more in covered employment. Child's benefits are likewise suspended if the child over 16 but under 18 years of age does not attend school.

Survivor benefits are payable if the worker was fully insured at the time of his death, or, except in the case of benefits for aged widows or parents, if he was currently insured, i.e., received taxable wages of not less than \$50 for each of 6 of the 12 calendar quarters preceding his death. Each survivor benefit is suspended for months in which the beneficiary earns \$15 or more in covered employment. Payments are also suspended for a widow entitled to widow's current benefits when she does not have an entitled child in her care, or for a child aged 16-17 who leaves school.

The primary benefit is the amount paid to the retired wage earner and is also used as the basis for computing supplementary and survivor benefits. The basic amount of the primary benefit is equal to 40 percent of the first \$50, plus 10 percent of the next \$200 of the worker's average monthly wage, which is computed by dividing total taxable wages credited before the quarter of entitlement or death by three times the number of calendar quarters elapsed since 1936 or since he was 22. An increment amounting to 1 percent of the basic benefit is added for each year of covered employment in which \$200 in taxable wages was received. Wife's, parent's, and child's benefits are 50 percent, and both types of widow's benefits 75 percent of the primary benefit.^{36/} Lump-sum death payments amounting to six times the primary benefit are paid to a widow, widower, child, or parent of the deceased worker. If no such relative survives, a person or persons may be equitably entitled to a payment of not more than this maximum as reimbursement of expenditures for burial of the deceased worker.

Minimum provisions stipulate that if the primary benefit is less than \$10 when computed, it shall be raised to that amount, as shall any other monthly benefit if only one benefit is based on an individual worker's wage record. Maximum provisions stipulate that no combination of monthly benefits based on the same wage record shall exceed \$85, 80 percent of the average monthly wage, or twice the amount of the primary benefit, whichever is smallest, except that the maximum may not be used to reduce such a combination of benefits to less than \$20.^{37/}

36/ Wives, widows, and parents who qualify for larger benefits on the basis of their own wage records receive the larger amount as primary beneficiaries.

37/ For legal provisions governing old-age and survivors insurance, see the Social Security Board's Compilation of the Social Security Laws, 1941, and for more detailed analysis of these provisions, see "Federal Old-Age and Survivors Insurance: A Summary of the 1939 Amendments," Social Security Bulletin, Vol. 2, No. 12 (December 1939), pp. 3-16.

Claims Procedures

Procedures with respect to claims generally involve the following steps: the worker (or his dependents or survivors) files a claim with supporting documents such as proofs of age (or of relationship, death, and the like), at a field office of the Bureau of Old-Age and Survivors Insurance. This office requests a summary or transcript of the worker's wage record from the Accounting Operations Division, and when this record is received, if the required conditions of eligibility are indicated, assembles the related materials, adjudicates the claim, and submits all records to an area office of the Bureau for review. If it is determined that the claimant is entitled to a benefit, his name and the amount of his benefits are added to the list of beneficiaries whose names are certified to the Treasury for monthly payments. A claim may be filed as early as 3 months before the month in which other conditions for entitlement will be satisfied. Persons entitled to monthly supplementary or survivor benefits may--without any loss of benefits--file their claims as late as 3 months after the month in which other conditions for entitlement are satisfied. Otherwise the claimant is entitled to benefits as of the month when the claim was filed, provided all qualifying conditions were satisfied in that month.

The beneficiary has a continuing responsibility for reporting to the Social Security Board conditions which warrant suspending monthly benefits, such as earnings of \$15 or more in covered employment. Beneficiaries who do not report these conditions are penalized with additional deductions. Benefits are terminated when the beneficiary dies or when other conditions of entitlement come to an end, such as when a widow or parent remarries or a child attains age 18 or marries.

Tabulations

The number and amount of monthly benefits awarded during a month, for each type of benefit, are available monthly beginning January 1, 1941, in the Social Security Bulletin as part of a summary table which also shows terminations of benefits, adjustments, and types and payment status of benefits in force at the end of the month. Data on the number and amount of lump-sum payments certified under the 1935 act have been published monthly beginning in 1937.

Benefits awarded represent claims which have been adjudicated and allowed. Terminations represent the end of entitlement, occurring for various reasons, such as those mentioned above. Net adjustments represent, principally, changes resulting from the operation of the maximum or minimum provisions governing benefit amounts. Benefits awarded, less terminations and adjustments during a current month, are added to the previous month's totals of benefits in force, to derive the current month's totals of benefits in force. Benefits in force thus show the net totals on the rolls at the close of a period;

benefits awarded, terminations, and adjustments are actions occurring during a period which result in changes in the total number and amount of benefits in force. (See February 1943 Bulletin, p. 49, table 1, for form and content of monthly data.)

Claims.--Statistics on the number of claims for monthly benefits of each type received and allowed are available monthly beginning January 1, 1940, but have not been published for 1941, 1942, or 1943.

· Benefits in force.--Benefits in force are classified by payment status into those in current, deferred, and conditional-payment status. Benefits in current-payment status are those for which no deductions or deductions of fixed amounts less than the monthly benefit are in effect for the current month. Benefits in deferred-payment status represent principally those withheld for a definite number of months so as to offset a lump-sum payment made prior to 1940, or for a definite period because of past conditions which should have caused previous deductions of benefits as required by the Social Security Act. Benefits in conditional-payment status are mainly those for which a condition currently exists which requires indefinite withholding of benefit payments, as prescribed by law.

The distribution of benefits by payment status gives some indication of the relation of beneficiaries to the labor market. Of the benefits in conditional-payment status, a large proportion represent beneficiaries who have returned to covered employment after having retired, or who have entered covered employment, foregoing their current receipt of benefits. A smaller group of the primary beneficiaries in conditional-payment status never stopped working but (with or without entitled wives or children) filed claims after reaching age 65 to freeze the amount of benefit which they will eventually receive; since the benefit amount is related to their average wage, it is to their advantage to file claims if their current wage rate threatens to pull down this average wage. The beneficiaries whose benefits are frozen will not begin receiving benefits until their earnings in covered employment fall below \$15 per month. Periodic published tabulations indicate the reasons for withholding benefits for all monthly benefits not in current-payment status (1941 Yearbook, p. 159, table 36).

Payments certified.--Monthly data on the number of monthly benefits and lump-sum payments and the total dollar amounts certified to the Treasury for payment indicate the amounts of benefits actually paid under the program (1941 Yearbook, pp. 160-161, and February 1943 Bulletin, p. 50). Certifications represent slightly different totals from those in current-payment status, since the latter figures take account of changes in status effective after certification and include retroactive payments.

Characteristics of beneficiaries.--At the close of each year, benefits awarded, in force and in current-payment status are tabulated by amount, by type, age, race, and sex of beneficiaries, and separately by type of benefit and by state of residence of the beneficiaries at the end of the year.^{38/} The 1941 Yearbook, pages 146-154, illustrates the form and detail.

^{38/} See Immerwahr, G. E., "Family Composition of Workers Represented in Old-Age and Survivors Insurance Claims," Social Security Bulletin, Vol. 4, No. 12 (December 1941), pp. 18-30.

in which data on beneficiaries of benefits awarded and in force are presented. The Tabular Guide to Social Security Statistics indicates the periods for which various types of distributions are available in specific publications.

Characteristics of workers on whose wages benefits were based.---
Each year, in addition to tabulations by characteristics of the beneficiary, the awards are tabulated by the characteristics of the workers on whose wages they were based.^{38/} These tabulations distribute the awards by family classification of the worker, by age of the worker at death or entitlement, and by employment history of the worker (1941 Yearbook, pp. 151-152).

^{38/} See Immerwahr, G. E., "Family Composition of Workers Represented in Old-Age and Survivors Insurance Claims," Social Security Bulletin, Vol. 4, No. 12 (December 1941), pp. 18-30.

II. UNEMPLOYMENT COMPENSATION

Employment and Wages

Unemployment compensation in the United States was established on a Federal-State basis through the Social Security Act of 1935, which contained provisions anticipating the enactment of unemployment compensation laws in all States. A Federal pay-roll tax was levied on employers of eight or more in specified industries, and offsets against the tax were allowable to employers paying contributions into the funds of State unemployment compensation systems approved by the Social Security Board as conforming to minimum Federal standards set forth in the act. Between 1935 and 1937, unemployment compensation laws approved by the Board went into effect in all 48 States, the District of Columbia, Alaska, and Hawaii.^{1/}

Unemployment compensation systems differ in many respects among the States but generally follow the same fundamental patterns. Eligible jobless workers receive weekly benefits for limited periods from funds built up by contributions from employers, and in four States (in 1942 and 1943) from employees also. The amount of contributions and the size and duration of benefit payments are related for the most part to the worker's employment and wages. The States require quarterly contribution and wage reports from employers, which are used for administrative purposes and also for employment and wage statistics on the program.

Nation-wide statistics, compiled by the Bureau of Employment Security, are based on tabulations prepared by State unemployment compensation agencies and show quarterly pay-roll totals and monthly covered employment distributed by State and industry.

Scope and Procedures

Coverage 2/—Most of the State systems provide for the coverage of all workers except those engaged in specified types of employment and those working for firms which employ a small number of individuals or operate for only a brief period in each year.

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- 1/ Wisconsin's unemployment compensation system began operation in 1934.
2/ For the provisions of State unemployment compensation laws, see Comparisons of State Unemployment Compensation Laws as of December 31, 1941, Employment Security Memorandum No. 8. Previous editions of this memorandum are also available summarizing the content of State laws at earlier dates. The 1941 Yearbook, pp. 85-96, summarizes major trends in State laws, 1937-41, and special articles and notes in the Bulletin indicate major amendments through the year.

Generally, the State laws exclude self-employed persons and employees in the following types of employment: agricultural employment; domestic service in private homes and college clubs; employment for Federal, State, and local governments and their instrumentalities; employment for nonprofit organizations engaged in religious, educational, scientific, and charitable activities; service for interstate railroads and allied employers; casual labor not in the course of the employer's business; family employment; and service on vessels. There are some deviations from this general pattern; New York, for example, includes domestic service in private homes if the employer has four or more servants, and in Wisconsin some local government employees are covered.

Several changes in industrial coverage have taken place since unemployment compensation laws first went into effect. Beginning July 1, 1939, employment with interstate railroads, which originally had been covered under all State laws, but that of Alabama, became subject to a separate Federal unemployment insurance system administered by the Railroad Retirement Board, and all wage credits of railroad workers were transferred to the new system. In 1940, most States for the first time extended coverage to include employees of member banks of the Federal Reserve System. Other minor changes have affected coverage in individual States.

Roughly half the State laws include only the employment of firms with eight or more employees, while the remaining States include at least some of the firms of smaller size.^{3/} In most States, excluded firms may elect voluntary coverage. Several States have altered the size-of-firm provisions, generally in the direction of extending coverage to employment in the small firms. The following table indicates the number of States with specific size-of-firm limitations in December of each year 1938-43:

Size of firm	Number of States					
	1938	1939	1940	1941	1942	1943
8 or more.....	28	26	25	24	24	24
7 or more.....	1	0	0	0	0	0
6 or more.....	0	1	2	2	2	2
5 or more.....	1	1	1	1	0	0
4 or more.....	9	9	9	9	10	9
3 or more.....	2	2	2	2	2	2
2 or more.....	0	1	1	1	1	1
1 or more.....	10	11	11	12	12	13

^{3/} Size-of-firm provisions effective in the individual States at the end of 1940 are shown in the 1941 Yearbook, p. 189, and for 1941, in the 1942 Yearbook, p. 153.

Under the size-of-firm requirements in most State laws, the employer is liable for coverage only if he has employed a specified number of workers for a stated period of time (usually 20 weeks) during the calendar year. This additional provision has the effect of excluding from coverage employment in seasonal or other enterprises which may have in their service a large number of workers for brief periods and few or no workers for the balance of the year.

Except for maritime employment, which is excluded from coverage in most States, some domestic workers included in New York, and some government workers included in Wisconsin, the types of employment covered by unemployment compensation are practically the same as those included in the coverage of old-age and survivors insurance. The latter program, however, has no size-of-firm exclusion. The effect of the two types of coverage exclusions is roughly indicated by comparison of the number of workers reported under each system as of the last pay period in March 1940 with the total number reported employed in the labor force for groups of States having similar size-of-firm exclusions:

Size-of-firm inclusion	Number of States	Employed labor force (in millions)	Workers covered by old-age and survivors insurance 1/ (in millions)	Workers covered by State unemployment compensation laws		
				Number (in millions)	Ratio (percent) to employed labor force	Ratio (percent) to old-age and survivors insurance coverage
Total 2/...	51	45.4	26.3	22.2	48.9	84.4
8 or more...	25	20.0	10.0	7.7	38.3	76.5
5-6 or more...	3	4.6	3.0	2.6	57.7	87.3
4 or more...	9	12.3	8.1	7.0	57.3	86.9
2-3 or more...	3	2.6	1.7	1.6	59.0	92.3
1 or more...	11	5.9	3.5	3.3	56.5	95.2

1/ Distribution of workers by State group estimated on the basis of annual wage-record data for 1940.

2/ Includes Alaska and Hawaii.

The coverage of old-age and survivors insurance was roughly 58 percent of the total employed labor force at the end of March 1940, indicating the general magnitude of the effect of type-of-employment exclusions, while the coverage of unemployment compensation in relation to the labor force was only 49 percent, suggesting broadly the effect of the size-of-firm provisions.^{4/} The coverage of unemployment compensation was comparatively low in States excluding firms with less than eight employees and comparatively high in States with lower size-of-firm limits. Even in States which included firms with one or more employees, the coverage of unemployment compensation appeared somewhat lower than that of old-age and survivors insurance. This difference may be due partly to various minor factors which have been ignored in this rough comparison, but is mainly attributable to the provisions requiring coverage only if employment lasts for a specified number of weeks, which tend to exclude from unemployment compensation coverage some employment covered by old-age and survivors insurance.

Wages subject to taxation are defined in most State laws to include all remuneration paid or payable ^{5/} in covered employment, including the value of wages in kind, commissions, bonuses, and, in about half the laws, tips and gratuities. In nearly all laws the following types of payments are excluded: employer contributions under private plans for benefits to employees in the event of retirement, accident, sickness, medical expenses, hospital expenses, or death; voluntary dismissal payments; and social security taxes of employees paid by the employer without deduction from the wages of employees.

In all States but Nevada, annual wages up through \$3,000 paid to a worker by each employer are taxable and wages in excess of this amount paid by each employer are exempt, but in all jurisdictions employers are required to report the total wages, including nontaxable amounts.

Because of the inclusion of individual wages in excess of \$3,000 in unemployment compensation reports, wage statistics of the program cover nearly as large a proportion of all wages and salaries as those of old-age and survivors insurance. The exclusion of upper-bracket wages from the reports of the latter system almost counterbalances the exclusion from unemployment compensation programs of wages paid to employees of small firms. The following figures, which compare wage totals of the two systems with Department of Commerce estimates of all wages and salaries, 1938-41, indicate that pay rolls covered under old-age and survivors insurance are about three-fourths of the total and pay rolls reported by unemployment compensation systems are about two-thirds.

^{4/} As a result of the expansion of war-connected employment, most of which is covered by both programs, the coverage of old-age and survivors insurance and of unemployment compensation has grown considerably since March 1940 in number and in ratio to the labor force.

^{5/} Most States specify that wages must have been paid.

Year	All wages and salaries, estimated by the Department of Commerce (in billions) ^{1/}	Total covered pay rolls ^{1/}			
		Old-age and survivors insurance ^{2/}		Unemployment compensation	
		Amount (in billions)	Ratio (percent) to all wages and salaries	Amount (in billions)	Ratio (percent) to all wages and salaries
1937.....	\$45.1	\$32.5	72.2	(3)	---
1938.....	41.2	28.6	69.4	\$26.2	63.5
1939.....	44.3	31.5	71.1	29.1	65.6
1940.....	48.8	35.7	73.1	32.4	66.5
1941.....	61.0	45.5	74.6	42.1	69.1
1942.....	80.3	57.8	72.0	54.7	68.1

^{1/} Revised data appearing in Social Security Bulletin, Vol. 6, No. 11 (November 1943), p. 65.

^{2/} Includes taxable wages plus estimated nontaxable wages in excess of \$3,000 earned in covered employment.

^{3/} Not available.

Part IV describes the quarterly series of data on pay rolls covered by old-age and survivors insurance, unemployment compensation, and railroad retirement and unemployment insurance programs in relation to all wages and salaries.

Industrial and geographic classification.--The State unemployment compensation agencies require all employers to submit a report showing the name and address of the employer, the number of establishments and employees, and a full description of the nature of business in each establishment. This report is used primarily to determine whether employers are liable for tax contributions; in addition, it enables the State to classify employers and their establishments by industry and area.

In classifying by industry, the State agencies use the Social Security Board Industrial Classification Code, which is similar to, but not identical with, the system used by most Federal agencies. In most States, subject (covered) employers are assigned account numbers which incorporate code digits identifying the industry of the

business or establishment according to its principal activity.^{6/} If an employer has several places of business engaged in different activities, such as a manufacturing firm operating retail outlets, different numbers are assigned for every establishment or group of establishments with a distinct activity, and he must report the employment and pay rolls separately by each group of similar establishments. An employer with several establishments of the same character, such as several retail grocery stores, may submit but one report. This classification procedure permits accurate reports of employment and wages classified by industry without making it necessary for employers to submit in all cases a detailed report for each separate place of business. In most State agencies, the account numbers identify establishments by area as well as by industry. These area identifications make it possible to compile employment and pay-roll data for counties and metropolitan areas.

Employer quarterly reports.--The State agencies require all subject employers to submit quarterly contribution reports, due within 1 month from the close of each calendar quarter, showing the total amount of taxable wages paid or payable during the quarter, the total amount for the quarter not taxable because it was in excess of the first \$3,000 paid to an employee in the year, the number of covered workers in the last pay period ended within each month of the quarter, and information on the amount of contributions.^{7/} This report, which accompanies the remittance of State pay-roll contributions, is referred to as the employer's contribution report (chart 2). Multi-industry employers are required to forward, along with the contribution report, a distribution of employment and wage totals by industry and/or area. In some States, multi-industry employers submit separate contribution reports for each of their activities.

In addition to contribution reports, most States require employers to submit quarterly reports of wages paid to individual employees, which are needed to determine eligibility and benefit amounts if employees become unemployed and file claims. These State agencies

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- 6/ On the basis of periodic surveys and available current information, the State agencies reassign codes to establishments the nature of whose business has changed. In periods of rapid change, inability to record changes in activity when they occur affects the accuracy of the classification of the data. All codes assigned and reassigned by the States are reviewed by the Bureau of Employment Security to ensure uniformity and to check for correctness in classification. Beginning in 1943, State agencies will clear codes assigned to employers through the Bureau of Old-Age and Survivors Insurance.
 - 7/ There are additional tax penalties for failure to report on time. Employers who are subject to the Federal Unemployment Tax Act as well as the State laws are also required to furnish annual contribution reports to the Treasury Department. These reports, however, are not used for statistical purposes of general interest.

use either a "list" report (chart 2) or "slip" reports, upon which the name, social security account number, and amount of quarterly taxable wages of each employee are entered on separate lines of a list or on separate slips.^{8/} A few States, operating under "wage and separation reporting," permit some or all employers to report individual employee wages only if and when an employee is separated.^{9/}

Annual Reports

Beginning 1938, all State agencies have submitted to the Social Security Board an annual report, for the State and for each two-digit industry group,^{10/} on the employment of covered workers in the last pay period of each month in the calendar year and the total wages paid or payable in each quarter, as well as information on contributions.^{11/} This report (Form ES-203, chart 3^{12/}) is due on July 31 of each year and includes at least the employer contribution reports for the preceding year received as of June 30. The due date is set sufficiently far after the end of the calendar year to ensure that reports submitted will be practically unaffected by delinquent reports, corrections of employer reports, and other factors.

State annual reports of employment and wages based on the contribution reports have been compiled and published by the Bureau of Employment Security for each year from 1938 through 1941. The 1938 publication^{13/} includes detailed tabulations of monthly employment and quarterly wages of covered workers in the States, distributed by major industry group, and in each industry group distributed by State. National totals distributed by industry were not presented for 1938, since two States, Pennsylvania and Wisconsin, had not used the Social Security Board Industrial Classification Code.

The 1939 compilation includes complete tables for the 51 State totals, as well as for each State, distributed by 2-digit major industry group, and for each industry group distributed by State.^{14/} The 1940 and 1941 annual reports were issued in summary processed form. For each State the data were distributed by industry division; only the United States totals were presented by major industry group. In

^{8/} Wage reports in some States also require information on the amount of tips and wages in kind for each employee, and the date of the employee's separation.

^{9/} Wisconsin and Hawaii - all employers; Connecticut, Delaware, Idaho, Kansas, Missouri, New Jersey, Ohio, Pennsylvania - approved employers only.

^{10/} For 1942 the State report shows distributions by 3-digit industry groups, and for 1943, also by areas within States.

^{11/} Beginning with the annual report for 1941, States reported the amount of taxable wages as well.

^{12/} This form was revised for reporting 1942 data.

^{13/} Employment and Pay Rolls in State Unemployment Compensation Systems, 1938, Employment Security, Memorandum No. 6, 1940.

^{14/} Employment and Wages of Covered Workers in State Unemployment Compensation Systems, 1939, Employment Security, Memorandum No. 17, 1941.

addition to employment and wage data, the 1939 and subsequent compilations include tables on the number of subject employers reporting to State agencies, and State coverage provisions in effect at the end of the year. Data on the number of subject employers are available for each quarter in separate releases.

In deriving average wages, it should be borne in mind that the employment figures relate only to workers who were employed in the last pay period of each month, while the wage totals include all amounts paid or payable to any individual employed within the quarter; some workers whose wages are counted in the quarterly wage total are not included in the employment data. Hence, estimates of full-time average wages or average wages per job may be obtained for the year or quarter by dividing total annual or quarterly wages by mean monthly employment during the period, but the average annual wage per covered worker may be computed only by relating total wages to the number of workers with wage credits during the year (the estimated number of different workers employed for any length of time during the year). The 1939 and subsequent annual publications include estimates of the number of workers with wage credits during the year in each State, based on sample studies of State-agency files of individual wage records built up from the employee wage reports.^{15/} The 1941 Yearbook (tables 19, 27, 28, on pp. 189, 200, 201) illustrates the form and content of employment and wage data periodically published by the Social Security Board from State reports on their unemployment compensation programs.

Since there is a considerable lag between the period to which the annual reports relate and the time when they become available, the Bureau of Employment Security in 1940 instituted an identical-firm reporting procedure to meet the need for current employment and wage information. Under this procedure the State agencies submit, in addition to annual reports for the previous year, quarterly reports showing, by major industry group, last-pay-period-of-month employment for each of the 3 months of the current calendar quarter and for the first month of the preceding quarter, and total quarterly wages for both quarters, for all reporting units ^{16/} which submitted reports covering both periods. The States submit this information on Form ES-202 (chart 3), which is due on or before the 15th day of the third month following the quarter to which the report relates and is cut off as closely as possible to that date. From quarter to quarter, at least 90 percent of covered employment and

^{15/} Except for these estimates, the employment and wage statistics on unemployment compensation program released by the Social Security Board, as described here, are entirely based on data in the employer contribution reports and supplementary distributions submitted by multi-industry employers.

^{16/} A reporting unit is an employing unit or group of units covered by a single wage report.

Chart 2.--Sample State forms for unemployment compensation employer reports

Form M-2-1 (Mar 1940)

ORIGINAL—MUST BE RETURNED TO
MINNESOTA DIVISION OF EMPLOYMENT AND SECURITY
 Accounting Section
 369 Cedar Street, St. Paul

Calendar
 Quarter 19

Employer's Contribution and Wage Report for the Calendar Quarter Ending 19

DO NOT WRITE IN THIS SPACE	
By	Date
C. C.	
Cal.	
F. A.	
F.	
Batch No.	

This report and contribution made payable to the **MINNESOTA UNEMPLOYMENT COMPENSATION FUND**, must be received by this division on or before the last day of the month after the close of the calendar quarter covered by this report, except that the contribution for the quarter containing the month of December is due and payable on or before the twentieth (20th) day of the following January. If you do not file this report for the quarter indicated above, please return this blank noting your reasons for not filing in the space below under "Payroll Detail."

It is necessary to complete "Payroll Detail" before preparing upper half of this form. Follow all instructions carefully when writing your report.—(See reverse side of attached duplicate.) Type or print in ink. MAKE CHECK OR MONEY ORDER PAYABLE TO MINNESOTA UNEMPLOYMENT COMPENSATION FUND. DO NOT SEND CASH. Retain cancelled check or money order stub. Receipts will not be mailed to you. You must fill out this report in detail. This division will certify to the federal government proof of contribution for all employers of eight or more persons, who are required to pay annual excise taxes under the Federal Unemployment Tax Act (formerly Title IX of the Social Security Act).

THIS REPORT MUST BE SIGNED AND RETURNED ON OR BEFORE THE DUE DATE, IF YOU HAD NO WORKERS IN THE CALENDAR QUARTER COVERED BY THIS REPORT, WRITE "NO WORKERS" ACROSS FACE OF "PAYROLL DETAIL", SIGN, AND RETURN REPORT.

Leave This Column Blank

1. Number of workers and wages by months in the calendar quarter covered by this report. (See Instructions.)

(a) Number of Workers:
 1st Mo. 2nd Mo. 3rd Mo.

(b) Total Pay Roll:
 1st Mo. \$ 2nd Mo. \$ 3rd Mo. \$ Total \$

(Pay roll total for the three months must agree with grand total of Item 18.)

COMPUTATION OF REMITTANCE

See instructions on reverse side of copy

2A. AMOUNT OF EMPLOYER'S CONTRIBUTION FOR CURRENT QUARTER

2.7% of Total in Item 1 (b)
 (Multiply total in Item 1 (b) by .027)

Add \$

2B. AMOUNT OF EMPLOYER'S CONTRIBUTION FOR PRIOR PERIOD

% of Total in Item 1 (b)
 (Rate: 2.7% for 1938 and 1939, 1.8% for 1937)
 (Multiply total in Item 1 (b) by correct rate)

Add \$

3. ADJUSTMENTS ON PREVIOUS

WORKER'S NAME

If this report is for a corporation, list officers first. Indicating after their names, the offices held by them. Officers must be listed as employees regardless of whether or not they receive any remuneration. If they receive no remuneration, so indicate.

(11)
 (List last names alphabetically, if practical)

IF CORPORATION, SEE ABOVE

(First) (Initial) (Last)

WORKER'S SOCIAL SECURITY ACCOUNT NUMBER

(If Social Security Account Number cannot be furnished, indicate reason)

(12)

QUARTERLY WAGES

DO NOT USE	DATE OUT (17)
(16)	Mo. Day

Total Money Payable in Quarter (18)	Other Remuneration and Gratuities (14)	Total Wages Payable in Quarter (16)	(18+14)
<u> </u>	<u> </u>	<u> </u>	<u> </u>

IF NUMBERS ARE MISSING

REPORT NOT CO
WARNING!

TOTAL THESE COLUMNS

18. **IMPORTANT—Answer the Following Questions:**
 (a) Was business discontinued or sold during period covered by this report? 19.
 (b) If so, give date .

and, if sold, name of new owner . If so,
 (c) Has name, address or type of ownership (i. e.,
 corporation, partnership, individual ownership)
 changed during this period? If so,
 give information here .

Note: If the business has been sold or type of ownership changed during the quarter covered by this report, a separate Contribution and Wage Report must be filed by each owner covering that portion of the quarter for which he is liable.

I (WE) CERTIFY that the information contained in this report (and on Continuation Sheets M-2-1A, and Special Payment Reports M-2-2, attached hereto, if any) required in accordance with the Minnesota Unemployment Compensation Law, is true and correct. The wages reported represent all wages payable to each worker for employment and correct calendar quarter covered by this report, and also any "SPECIAL PAYMENTS" payable during the calendar quarter covered by this report. No part of the contribution reported in earlier quarters and not previously reported, was deducted from workers' wages.

SIGNED
 (Correct name of firm.)

TITLE
 YOUR REGISTRATION NUMBER, stamped above your name on this form, should always be referred to when corresponding with this division.

DATE

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Chart 3.—Forms for State unemployment compensation reports to Social Security Board 1/

1/ Revised forms have been substituted for use in reporting annual data for 1942 and quarterly data for 1943.

wages in most States is reported by employers in time to be included in the sample. The estimates of monthly employment and total wages earned in covered employment are obtained for the first quarter by applying the percentage changes in the sample of identical-firm reports to the known bases (100-percent samples) of October employment and fourth-quarter wages as shown on the annual report for the preceding year. For subsequent quarters, the estimate is computed by linking the percentage changes shown by the identical-firm reports for the current quarter to the estimated aggregate employment for the first month of the previous quarter and to the estimated total wages for that quarter.

The estimates, accompanied by a brief analysis, are released by the Bureau of Employment Security within a short time after the receipt of sample reports from the States. The releases include tables on monthly employment and total quarterly wages of covered workers distributed by major industry group for the United States, and on each industry division distributed by State. Presented with the employment estimates for each State are the State coverage provisions in effect at the close of the preceding year, on which the estimates for later periods were based. Changes in coverage occurring in the meantime, which might have an effect on the estimates, are noted.

A tendency toward downward bias in the quarterly estimates arises from the fact that the matching technique (i.e., the sampling process of selecting reports for firms which reported in the preceding as well as in the current quarter) fails to reflect rapid expansion of employment in newly covered firms.^{17/} During normal periods this situation would not seriously distort the trends in the data. Large-scale war activities, however, have given rise to many "births" of large, new firms with unusual employment and wage experience. This condition especially characterizes the construction industry in which the building of cantonments, airports, and other military as well as industrial plants has resulted in the employment of very large numbers of workers for comparatively short periods of time. The data covering these activities are sometimes not available in time for inclusion in the identical-firm sample reports from the States.^{18/} Whenever possible, adjustments are made in the current-quarter estimates to include the data for new employers who started operations during the previous quarter.

17/ In the annual reports previously described, however, this bias is removed since the reports are based on practically complete data for each quarter.

18/ The data, for example, may not reflect activities in covered establishments which extended over less than 2 quarters. They may also exclude construction projections, logging, canning, resort hotels and camps, amusement and recreational services, or other short-time or seasonal projects of new establishments which are of such short duration that the employer does not become subject to the State law. Employers who operate in more than one State, however, commonly elect coverage in each State even though they may not be liable for contributions in any particular State.

Other Statistics Compiled by State Agencies

Many State agencies compile statistics of employment and wages covered by unemployment compensation in greater detail than is required by the Social Security Board. Several agencies have maintained current series of covered employment and pay rolls by locality as well as by industry, covering periods beginning with the inauguration of unemployment compensation in the State. Data by area will not be available for all States before reports are received for employment and wages in 1943. In addition, most of the States prepare special analyses on various subjects, such as seasonal employment, characteristics of worker groups and their employment and wage experience, the distribution of employees by industry and size of firm within States, distribution of workers by wage interval, and types of wage remuneration.

The Social Security Board acts as a clearing house in collecting information on such data published in the States. Abstracts and listings of selected studies are presented in special publications 19/ and in the Social Security Bulletin.

19/ State Employment Security Research and Statistics Exchange Bulletin, published periodically by the Board, October 1939 - March 1942.

Procedures

Reports of claims and benefit operations are submitted regularly by State unemployment compensation agencies to the Social Security Board, which publishes Nation-wide statistics. In analyzing these data, careful attention must be given to the legal provisions governing benefits. Only a brief summary of State benefit provisions is presented here.^{20/}

Benefit provisions.--State laws usually provide that an unemployed person filing a claim for benefits is eligible if he has registered for work at a public employment office, is able and available for work, has earned a certain amount or worked a certain time in covered employment during a specified "base period" (such as 4 recent calendar quarters), and has served a waiting period (1-2 weeks in most States); he may be disqualified from receiving benefits for part or all of the period of unemployment if he quit his job voluntarily, was discharged for misconduct, is jobless because of a labor dispute, or refuses an offer of suitable employment.

Benefits are usually paid weekly; in all States the amounts are related to the worker's previous earnings. In general, the formulas fixing benefit rates attempt to allow the worker approximately 50 percent of his customary wage; to avoid administrative complexity this rate is usually computed as a fraction, such as one twenty-fifth, of his highest quarterly wages in the "base period." All State laws have maximum provisions (limiting benefits to \$15 weekly in most States and to \$20 in others) and minimum provisions (fixing a minimum of \$5 usually, but in some States as low as \$2 and in others as high as \$10).

The duration of benefits, or the aggregate number of weeks a claimant may receive payments during a "benefit year,"^{21/} is limited in all States. In some laws this limitation is effected through a maximum applying uniformly to all beneficiaries; in others, through the benefit formula, which fixes the maximum total amount of weekly benefits payable to each individual beneficiary during the benefit year according to his wages in the prior year. Maximum duration of benefits for total unemployment ranges from 14 to 26 weeks among the States, with 16 weeks the upper limit in 26 States.

Several of the States restrict the benefit rights of workers in industries classified as seasonal. Most jurisdictions provide benefits for partial

20/ See footnote 2.

21/ The "benefit year" is an annual period, not necessarily a calendar year, specified in the law in some States as applying uniformly to all claimants, and varying for each individual claimant in others. Claimants who exhaust their benefit rights before the end of a benefit year must wait until a new benefit year begins before they can again draw benefits; they must, however, earn sufficient qualifying wages in the meantime.

unemployment and part-total unemployment,^{22/} which are paid when the worker's earnings in a week fall below his weekly benefit amount. Partial benefits usually equal the difference between the weekly benefit amount for total unemployment and a part of the worker's earnings during the week.^{23/}

Claims procedures.--When a worker in covered employment becomes unemployed and wishes to receive benefits, he must report to the local employment security office, register for work, and file an "initial claim."^{24/} If he had not filed for benefits previously during the benefit year, this claim is a "new claim." Tentative determinations with respect to disqualifications (voluntary leaving of job, refusal of suitable work, and the like) are made in the local office. A new claim is sent to the central office of the State employment security agency, where eligibility, the benefit amount, and duration of benefits are determined on the basis of the wage record of the individual; if the claim is allowed, an account is set up for the claimant. Once such an account has been set up, any subsequent initial claim within the benefit year is an "additional claim," which does not usually require a benefit determination in the central office.

At the close of each week of the waiting period, the claimant reports to the local office to file a "waiting-period continued claim." In States with a 1-week waiting period, if he is still unemployed, he files a "compensable continued claim" 1 week after the end of the waiting period. This claim is relayed to the State central office, where payment is authorized and a benefit check is prepared and mailed. To receive benefit checks in all subsequent weeks of compensable unemployment, the individual must report weekly to the local employment security office and file a compensable continued claim.

If a worker becomes unemployed after he has left the State in which he established his wage record, he files an initial claim at the nearest local office in the State in which he is located. This office sends the claim directly to the central office of the State in which the claimant believes he is

22/ Partial unemployment refers to work with the regular employer for less than customary full-time hours; part-total unemployment refers to employment on odd jobs or subsidiary work.

23/ Some States have incorporated special types of benefit provisions in their unemployment compensation laws. The District of Columbia, for example, provides for supplementary benefits to eligible unemployed workers who have dependents; New York has instituted a "day-base plan" for benefit payments. Rhode Island has established a separate program to pay cash benefits to workers in periods of temporary disability.

24/ Prior to January 1, 1942, both registration for work and claims-taking functions were exercised by the State agencies, operating with Federal cooperation and supervision through the Social Security Board. On that date the U.S. Employment Service was placed on a completely Federal basis as a war measure. In accordance with an Executive order of September 17, 1942, the USES was transferred to the War Manpower Commission on December 1, 1942. With this transfer, most State agencies maintain claims-taking personnel in the local USES offices.

eligible for benefits. During the waiting period and throughout the period in which he receives benefit checks, the claimant continues to report to the local office each week to file continued claims. In these "interstate" operations, the State in which the claimant had wage credits is called the "liable State," and the State in which the worker filed claim, the "agent State."

Statistical series on claims and benefits date from January 1938, when the States which were paying benefits began submitting regular reports to the Social Security Board. Benefit payments were not effective in all 51 States until July 1939; statistics for the entire United States start with that month. Claims and benefits data are published regularly (February 1943 Bulletin, pp. 34-40, and 1941 Yearbook, pp. 203-227). These and other tabulations give monthly claims and benefit totals, distributions by size and duration of benefits, distributions by industry of the worker, and distributions of interstate claims. Certain series of financial and administrative data relating to special operating aspects of the program which are not discussed here are also published.

Tabulations

Monthly totals.--Monthly State totals of the number of initial and continued claims received in local offices are available beginning January 1938. Distributions of the continued claims into waiting-period and compensable claims begin with data for 1940, and figures for initial claims divided into new and additional claims are available only from August 1942. The annual total of "new" claims approximates the unduplicated total number of individuals applying for benefits.

Monthly State totals of the number of weeks of total, part-total, and partial unemployment compensated ^{25/} and the amount of benefits paid for each type of unemployment ^{26/} are available beginning January 1938. Average weekly benefit amounts are derived from these figures. Beginning January 1940, the average weekly number of beneficiaries, ^{27/} and beginning January 1942, the estimated number of different individuals represented within the month, are also available. Annual totals of claimants receiving first payments, representing the number of different individual beneficiaries during the year, are available for 1939 for most States, and from 1940 on, for all but two States.

^{25/} Prior to 1940, reports covered the number of benefit payments, which differ somewhat from "weeks of unemployment compensated" since some States prepare single checks covering more than 1 week of unemployment.

^{26/} The reported amount of benefits paid monthly is not adjusted for voided benefit checks. A quarterly table of State unemployment compensation financial transactions gives the net amount of benefits paid (referred to as the amount of benefits charged prior to 1940). Benefits paid by type of unemployment will not be available in distributions after 1942.

^{27/} 1939 data show the number of beneficiaries during the week ending nearest to the middle of the month.

There are many reservations on the use of unemployment compensation claims and benefit figures as a general measure of unemployment. Figures for initial claims may be considered as a minimum number of separations from covered employment, or as the minimum number of separate spells of unemployment among workers in covered establishments. The unemployed worker, however, must have a specified amount of wage credits from covered employment and must meet other conditions to be eligible for benefits. Persons with low earnings, or those employed for part of the year in small firms, consequently have no reason to file initial claims, and therefore separations of such workers are not likely to be reflected in the data on initial claims. In addition, of course, many workers are engaged only in noncovered employment. In the case of continued claims, which represent the net cumulative number of compensated unemployed persons from week to week, claimants who cease filing claims because they have exhausted their benefit rights, but who are still jobless, are not represented in the data.

Aside from such limitations, there is a distortion in the monthly pattern of initial claims. Because of the provisions controlling maximum duration of benefits, claims tend to cluster either in the month when the uniform benefit year begins, in States with that type of benefit period, or in the month marking the anniversary of the inauguration of benefit payments, in States with individual benefit years.^{28/} In either case, the number of new claims resulting from separations occurring in that month will be augmented by claims filed by persons who had become unemployed at some time previously--perhaps a few months before the start of the benefit year--but who, having exhausted their benefit rights for that year, had to wait for a new benefit year to file a claim.

Although these are serious limitations, data on claims and benefits may be useful as a general barometer of changes in unemployment from year to year for individual States when other sources of unemployment data are lacking. Comparisons based on annual figures or on data for the same months in each year are not affected by the distortion in the month-to-month figures. It is necessary in making such comparisons to take account of coverage restrictions and administrative factors, and of any changes in these factors which might affect the comparability of figures.

Size and duration of benefits.--Annual data on weeks of total unemployment compensated in each State, distributed by interval of the amount of benefit, are available for each year beginning 1938 (1941 Yearbook, pp. 214-217). In 1938 these distributions were also available on a monthly basis, and in 1939-41, for each quarter.

^{28/} To illustrate the latter situation, if a State inaugurated benefits in January 1939, individuals who had been unemployed in prior months, say since November or December 1938, would have filed in January along with those who became unemployed in that month; therefore, at least for several years of operation, the January figures for initial claims would be inflated because of the disproportionately large number of individuals with benefit years beginning in January.

The States also submit annual reports of actual and potential duration of benefit payments classified by size of the benefit amount. These reports do not cover uniform periods for all States, since they present separate analyses of the States' experience in terms of benefit years, which vary among the States.^{29/} Reports for 27 States, covering benefit years ended in 1940 and the first 3 months of 1941, were published in the Social Security Bulletin, Vol. 5, No. 3 (March 1942), pp. 5-13.

Industrial distributions.--Data on the number of weeks of total and partial unemployment compensated and the amount of benefits paid, distributed by major industry group, are available monthly for 1939 for selected States, and annually thereafter (through 1942) for all States ^{30/} (1941 Yearbook, pp. 218-220). In classifying payments by industry, the States may select various alternate bases for attributing the benefit payment to a specific industry group, such as the last employer of the claimant in the base period, the last employer preceding the new claim, or other methods.

Interstate claims.--Tabulations, by liable State, of the number of initial and continued claims received, number of weeks of unemployment compensated, and amount paid on interstate claims are available monthly for 1940, and quarterly for 1941 and 1942.^{31/} For these same periods, data on weeks compensated and amount paid are available by liable State cross-classified by agent State. (1941 Yearbook, pp. 224-226, gives form of annual summary of weeks compensated on interstate claims.)

Data for interstate claims reflect the extent and direction of labor migration but are subject to many limitations if used to indicate the geographic movements of workers in general. In the first place, workers with qualifying wage credits in one State who file claims after having moved to another State are a small group in comparison with the entire number of migrating workers and may have special characteristics. Secondly, many of the claims handled by an agent State against the liable State in which the worker established a wage record represent workers who were not migrants but interstate commuters.

29/ For some States there are also reports of actual and potential duration of benefits by industry; these reports are voluntarily submitted.

30/ Data on partial unemployment distributed by industry were available for only 26 States in 1940.

31/ For 1939, similar data are available showing the number of initial claims received by each State as liable State (monthly) and data showing the number of initial claims received by each State as liable State cross-tabulated by agent State (quarterly). For 1943, only weeks compensated classified by liable State, and continued claims received classified by agent State, are available.

Experience Rating

The availability of data on State unemployment contributions is discussed under "Financial Statistics on Social Security Programs" (pp. 60). However, in addition to over-all information on the actual amount of tax collections, data are available on the differential rates assigned under the experience-rating provisions of State laws to employers classified by industry and size of pay roll.

Experience-Rating Provisions

The standard State unemployment tax rate is 2.7 percent in all States except Michigan, where it is 3.0 percent. However, 43 State laws (as of December 1943) contain experience-rating provisions whereby an individual employer's contribution rate may be varied in accordance with the amount of past compensable unemployment of his workers. Fifteen State laws provide for rates in excess of the standard rate for employers who have had relatively unfavorable employment experience. Forty of these laws were in operation during 1943.

The most common type of experience-rating provision is one under which all or a part of an employer's contributions are credited to his account and the benefits paid to his workers are charged against his account. The ratio of the excess of contributions over benefits (reserve balance) to his annual or his average annual pay roll (referred to as his reserve ratio) is then applied to a schedule of differential rates and reserve ratios which is written into the statute. Employers whose reserve ratios fall within a given category will pay contributions at the rate assigned for that category. Other types of experience-rating provisions provide that variations in tax rates of employers shall be based upon an index derived by computing the ratio of the amount of base-period wages paid to workers who have drawn benefits during the past 3 years to the employer's total pay roll for that period; others provide for some variation of the "reserve ratio" plan.

Statistical Data

Beginning 1940, all State agencies with experience-rating provisions in operation have submitted to the Social Security Board an annual report of experience-rating accounts classified by contribution rate, industry, and average annual pay roll.

For the years 1940-42 the report contained three sections: (1) the number of accounts at each contribution rate cross-classified by major industry group; (2) the number of accounts at each contribution rate cross-classified by average annual pay-roll groups; (3) the total amount of taxable pay roll classified by contribution rate. Section (1) indicates the industries with the largest relative number of firms that have been able to meet the requirements for obtaining reduced rates or those whose past experience is such that the standard rate or a penalty rate above 2.7 percent has been assigned. Section (2) shows the relationship between size

of firm (in terms of pay roll) and tax rates. This section was temporarily suspended starting with the report for 1943. The data reported in section (3) may be used to estimate the State-wide average contribution rate for the ensuing year.

Tabulations summarizing the operations of experience-rating provisions are available in the Social Security Bulletin ^{32/} and the Year-book ^{33/}

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- ^{32/} 1941: January, pp. 20-26; February, pp. 17-25; March, pp. 17-20; October, pp. 25-28. 1942: June, pp. 16-27; December, pp. 40-46.
1943: February, pp. 9-21.
- ^{33/} 1940: pp. 254-256. 1941: pp. 232-234. 1942: p. 174.

III. PUBLIC ASSISTANCE AND RELATED PROGRAMS

To determine the effectiveness of public assistance under the Social Security Act, the Social Security Board began early in 1936 to assemble, coordinate, and analyze Nation-wide data on various assistance programs, including not only the special types of assistance for which the Board certifies Federal grants to States under the act but also general and special assistance administered without Federal participation. Eventually, through transfer of responsibility from some Federal agencies and in collaboration with others, the Board has compiled, periodically, comprehensive Federal, State, and local data on all forms of public aid, including Federal work programs and other forms of Federal emergency aid.

The published statistical series on public assistance and other forms of public aid represent payments to individuals and families, and number of recipients, cases, or persons employed on Federal work projects receiving such payments, and comprise:

1. Special types of public assistance: Monthly data for the continental United States on old-age assistance, aid to the blind, and aid to dependent children, beginning January 1933, and by State beginning January 1936.

2. General assistance: Monthly data for the continental United States beginning January 1933, and by State beginning July 1937.

3. Integrated statistics on assistance and work programs: Monthly data for the continental United States for each public aid program, for January 1933 through June 1943, when the last Federal emergency programs were discontinued; for each State and program, for January 1939 through May 1943; for 116 urban areas, for July 1936 through December 1941 (annual data for 1929 through 1941); and for 385 rural and town areas, for August 1937 through June 1939.

Special Types of Public Assistance

Provisions and Procedures

Under the Social Security Act, the Federal Government assists the States in extending cash aid to three groups of needy persons--individuals aged 65 and over, blind individuals, and dependent children under the age of 18 who have been deprived of parental support or care for reasons specified in the act and who are living with certain relatives. As provided by the 1939 amendments to the act, the Federal Government's share of assistance is equal to half the individual monthly payments up to a maximum of \$40 per month for aged and blind persons, and up to \$18 per month for one dependent child and \$12 per month for each additional dependent child in the same home. Federal participation

in programs for the three special types of public assistance is available to States maintaining plans of operation approved by the Social Security Board as conforming to requirements in the Social Security Act. Certain standards relating to eligibility and administration must be observed, but on the whole the act allows for considerable diversity in policies and procedures among the States.^{1/}

The Federal Government does not share in all payments to recipients under all State programs for the special types of public assistance. Since February 1936, when funds provided by the Social Security Act first became available, a few States have maintained programs for aid to the needy blind and aid to dependent children without Federal participation. Some individual monthly payments under approved plans exceed the maximum amounts for which Federal matching is available; in some programs for aid to dependent children, the proportion of such payments is large. Moreover, some States provide aid under approved plans to persons for whose assistance Federal funds may not be used under the Social Security Act, such as persons aged 60-64 under the old-age assistance program in Colorado, or, under the aid to dependent children programs in a few States, children living with persons beyond the degree of relationship recognized by the Social Security Act for Federal matching.

Under State administrative procedures the determination of eligibility for public assistance, as well as the amount of assistance, is based on the initial and continuing need of the individual. The extent to which needs are met varies considerably among the States, depending upon the availability of funds and on State and local standards for determining the requirements and resources of applicants.^{2/} Since both eligibility for assistance and amounts of payments are determined on the basis of individual need, public assistance programs differ in principle from the social insurance systems provided by the Social Security Act, which are based primarily on the previous employment and wage experience of the individual and on his current employment status.

Statistical Series

The Bureau of Public Assistance compiles statistics on the operations of programs for the special types of public assistance, based on reports submitted by State public assistance agencies administering programs under the Social Security Act as well as other assistance programs. Of the various types of information covered by these reports, the following are selected for discussion as of most general interest: number of recipients and amount of payments to recipients, applications and case turnover, source of funds expended for assistance payments, and characteristics of recipients.

^{1/} See Social Security Board, Informational Service, Characteristics of State Plans for Old-Age Assistance, Revised July 1, 1940, and companion volumes for plans for aid to the blind and aid to dependent children; and 1941 Yearbook, pp. 97-113.

^{2/} See Leahy, Margaret, "Intake Practices in Local Public Assistance Agencies," Social Security Bulletin, Vol. 4, No. 10 (October 1941), pp. 3-9.

Recipients and payments.--Monthly statistics on the number of recipients and the total amount of payments in each State have been collected monthly, beginning January 1936, and published in the Bulletin in tables showing also average payments per recipient (February 1943 issue, pp. 29-33). For aid to dependent children, the number of families aided, as well as the number of children, is shown. Data for State programs administered without Federal participation are differentiated from those operated under State plans approved by the Social Security Board. County data on recipients and payments have also been collected, but have been published only twice.^{3/} Data on recipients exclude persons who receive hospitalization and/or burial only, and, after August 1940, also those who receive medical care only. In some States the count of old-age assistance recipients may underestimate the number of individuals receiving payments, because a husband and wife, both of whom are 65 or over and considered eligible, may receive a single check and therefore be reported as one recipient.^{4/} Data on payments represent cash assistance paid directly to the recipient or his legally appointed guardian, or, in the case of aid to dependent children, to the relative, and orders issued on vendors, landlords, and utility companies for goods and services. Hospitalization, burial, and administrative costs are excluded, as well as the cost of medical care after August 1940, except for amounts included for that purpose in cash payments.

Applications and case turnover.--Monthly data on applications and case turnover have been collected, beginning February 1936, and have been published in processed releases for most of the subsequent period. These statistics show, for each program and each State, the number of applications received and disposed of, the number pending at the end of the month, the number of cases added and closed, and the number open at the end of the month.

Source of funds for assistance payments.--Data on the amount and proportion of payments to recipients financed by Federal, State, and local governments, currently based on semiannual reports from each State, are available on an estimated or reported basis beginning 1936. Annual data for 1930-41 for the continental United States are summarized in the 1941 Yearbook, pp. 256-257, and State data for calendar and fiscal years have been published in the Bulletin and in processed releases, beginning 1937-38.

^{3/} Tabular Summary of Statistics of Public Assistance Under the Social Security Act for the Calendar Year 1937 (Bureau of Research and Statistics Report No. 1) gives data by State and county for December 1937; Trends in Public Assistance, 1933-1939 (Bureau of Research and Statistics Report No. 8) gives county data under approved plans and other programs for December 1939.

^{4/} See "Recipient Rates for the Special Types of Public Assistance," Social Security Bulletin, Vol. 6, No. 4 (April 1943), pp. 25-27.

Social data on recipients accepted and cases closed.--The Bureau of Public Assistance has collected and published detailed statistics on the characteristics of recipients accepted for old-age assistance, aid to the blind, and aid to dependent children during the 4 fiscal years 1936-37 through 1939-40 in States administering plans approved by the Social Security Board, and also information concerning recipients for whom assistance was discontinued during these fiscal years.

The social-data tabulations show, for recipients accepted in each State during a fiscal year: (1) the amount and distribution of monthly payments initially approved; (2) receipt of relief within the 2 years prior to acceptance; (3) the types of assistance received during the previous 30 days, and the type received in the household simultaneously; (4) age, race, sex, nativity, and residence (urban or rural); (5) other income (OAA and AB only); (6) marital status and living arrangements (OAA and AB only); (7) physical condition and medical care (OAA only); (8) education and employment status (AB only); (9) reason for dependency, whereabouts of child, and whereabouts and marital status of parents (ADC only); (10) family composition (ADC only). The statistics for ADC recipients also include information concerning the children, the families, and the person to whom the grant was made. For cases closed during the year, the statistics show reasons for closing, the length of time assistance was received, and (OAA and AB only) the age, sex, and race of recipients who died.^{5/}

It should be emphasized that cases accepted during annual periods may not be representative of the entire case load as of any given date which includes recipients accepted in earlier years. The published compilations include State tables comparing the number of persons accepted during the fiscal year with the size of the case load at the end of the period.

Collection of social data on recipients accepted during the fiscal year was greatly reduced in scope in 1940-41 and 1941-42 and discontinued entirely at the end of the latter year, largely because of the declining significance of accessions in relation to the total case loads of recipients. The collection of statistics on reasons for closing cases has been continued on a semiannual basis. To provide, on a more nearly adequate basis, the kinds of information previously obtained from the social-data reports, there have been developed the reporting project described below and plans for special studies of characteristics of recipients, not described in this document, for voluntary use by State agencies.

^{5/} The social-data tabulations for fiscal year 1936-37 were published in the Second Annual Report of the Social Security Board; those for succeeding years are available in Social Data on Recipients of Public Assistance Accepted in 1937-38 (in three parts, covering each program), Bureau of Public Assistance, 1939, and in compilations with similar titles for fiscal years 1938-39 and 1939-40.

Distributions of assistance payments by amount.--For November 1940, May 1941, and November 1941, 1942, and 1943, State data are available on the distributions by amount of payments made during those months to recipients of each of the special types of assistance under approved State plans. For aid to dependent children, separate distributions of payments are available for families with specified numbers of children.^{6/} Since these distributions are for total case loads, they are distinctly more useful than the distributions of payments initially approved for recipients accepted during the fiscal year. Such distributions are also superior to average payments to indicate the level of public assistance in a State.

Other Statistics on Public Assistance and Federal Work Programs

In addition to statistics on the three special types of public assistance, the Social Security Board collects, on a voluntary basis, data from State and local public welfare agencies on the operation of general assistance programs, and, with the aid of other Federal agencies, assembles integrated statistics covering all public assistance payments and work program earnings in the United States.

General Assistance

State data.--General assistance (or general relief) programs are carried on by State and local governments without Federal financial participation. Assistance is extended to cases found to be in need but not eligible under Federal or State laws for other types of assistance or for employment on Federal work programs, or to cases whose applications for other assistance or for employment have not been accepted because of stringency of funds; in some instances, especially for families receiving aid to dependent children, general assistance is also used to supplement payments under other public assistance programs and benefits under social insurance systems. The extent to which needs for general assistance are met varies greatly among States and localities, principally because of differences in standards of assistance and in the availability of funds.

State data on general assistance have been collected by the Bureau of Public Assistance since April 1937, when the Social Security Board was designated by the Division of Statistical Standards of the Bureau of the Budget as the Federal agency responsible for continuing the collection of general assistance statistics from the States on a voluntary basis. The series of most general interest include monthly

^{6/} Data for 1940 were published in the Social Security Yearbook, 1940; later figures appear in Public Assistance Research Memoranda 4 and 5.

data on cases assisted and payments to cases, monthly statistics on applications and case turnover (available for most States), and annual data on sources of funds for assistance payments. Data for these series are received and published concurrently with similar series, described above, for the three special types of public assistance and Federal work programs (February 1943 Bulletin, pp. 22-33, and 1941 Yearbook, pp. 235-238).

The unit used in counting recipients of general assistance is the "case," which may represent an individual, a family, or a household consisting of two or more families or a group of unrelated persons living together as an economic unit. Data on the number of cases receiving assistance exclude those receiving hospitalization and/or burial only, and, beginning September 1940, those receiving medical care only. Data on payments represent cash assistance paid directly to cases and orders issued on vendors, landlords, and utility companies for goods and services; they exclude hospitalization, burial, and administrative costs, and, for September 1940 and subsequent months, the cost of medical care, except amounts for that purpose included in cash payments.

Data for large cities.--Beginning with 1938, the Bureau of Public Assistance has maintained a monthly series of analytical statistics on general assistance operations in 19 selected large cities (mostly with populations of 400,000 and over), issued regularly in processed releases. Statistics for each city include: number of cases receiving general assistance; amount of assistance; average payment per family and single-person case; the proportion of single-person cases; number of requests for assistance and applications pending; cases opened and cases closed during the month, with openings and closings distributed by specified reason such as WPA or regular employment ended or obtained, unemployment compensation received or ended, or case transferred to other types of public aid; and net change in load for specified reason. For some periods the reports have included also the number of cases in households simultaneously receiving specified other types of income or assistance.

Integrated Statistics

Public assistance and Federal work programs in the continental United States.--Beginning with 1933, public relief in the United States has been provided by numerous Federal, State, and local agencies, through public assistance and work programs of various types. Public assistance includes the special types of public assistance, general assistance, assistance under the Farm Security Administration, and other Federal assistance programs. The Federal work programs have included at different times those of the Work Projects Administration, the National Youth Administration, the Civilian Conservation Corps, the Civil Works Administration, and other Federal work projects financed from emergency funds.

To provide a comprehensive summary of relief trends, the Bureau of Public Assistance has maintained an integrated series of monthly statistics, beginning with data for January 1933, on the number of recipients and persons employed and the amount of assistance and earnings under these programs in the continental United States. Similar data are available for States, beginning January 1939.

The total amount of aid extended under all these programs is derived directly by summing the amounts reported for the individual programs. In obtaining unduplicated total numbers of households and persons aided, however, two important difficulties are encountered: (1) different units of count are used under the various programs--for example, under the general assistance program the unit is the "case," which may represent an individual, a family, or a household, while under the work programs the unit is the individual employee; (2) there are duplications among programs, i.e., some households receive assistance or earnings from more than one program during the same month. The Bureau of Public Assistance has collaborated with the WPA in estimating monthly unduplicated totals of households and persons aided in the continental United States from January 1933 through June 1942, on the basis of data on households receiving aid from more than one source simultaneously.^{7/}

Urban areas and rural and town areas.--Two other series of integrated statistics, which include private as well as public aid and cover operations in a large number of urban and rural areas over a span of many years, have been discontinued. The urban series was based on monthly reports of expenditures for aid in 116 urban areas with population of 50,000 or more, which together include approximately two-thirds of the urban population in the continental United States. The data include the amounts of public and private assistance and earnings under the CWA and WPA programs.^{8/} This series was initiated by the Russell Sage Foundation in 1929, when reports on public and

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- ^{7/} For definitions of terms used in statistics on public assistance and Federal work programs, see Social Security Bulletin, Vol. 4, No. 9 (September 1941), pp. 50-52. Beginning with the Bulletin for September 1942, the estimated unduplicated totals of households and persons receiving aid are omitted.
- ^{8/} Statistics covering the period 1929-40 are presented in Public and Private Aid in the 116 Urban Areas 1929-38, With Supplement for 1939 and 1940, by Enid Baird and John M. Lynch (Bureau of Public Assistance Report No. 3). Data for 1941 are available in a processed release entitled "Relief in 116 Urban Areas."

private assistance were received from 76 cities. In January 1932, the U.S. Children's Bureau assumed responsibility for the series and expanded it to include other urban areas; subsequently, as of July 1936, the series was transferred to the Social Security Board, which extended the content of the series to include earnings of persons employed under the CWA and WPA programs as well as data for assistance programs.^{9/} The series was discontinued in 1942.

The rural and town series, established by the WPA in March 1936 to complement the series for urban areas, was transferred to the Social Security Board on July 1, 1937. The series included monthly data for 385 rural and town areas for previous years back to 1932. All these areas contained rural population, but some of the counties and townships in the sample included towns and small cities ranging up to 25,000 population; it is estimated that the areas for which reports were received covered approximately 9 percent of the rural and town population of the United States. From 1932 until the discontinuance of the series in 1939, monthly data were collected for all areas on the number of cases and the amount of aid extended under programs for public relief (general assistance and aid to veterans), private assistance, the special types of public assistance, and emergency subsistence payments to farmers.^{10/}

Other data collected by State agencies.--The Social Security Board performs clearing-house functions in collecting information on studies of various phases of public welfare operations published by State and local agencies. Abstracts and listings of reports of such studies are available in special publications of the Bureau of Public Assistance ^{11/} and in the Recent Publications section of the Social Security Bulletin.

^{9/} Data for other emergency work programs were not available; those of principal importance were the CCC, NYA, and PWA. Data were also not available for the special programs of the FERA.

^{10/} Monthly data, 1932-36, are published in Five Years of Rural Relief, by Waller Wynne, Jr., WPA, 1938. Data for subsequent months are available in releases of the Bureau of Public Assistance.

^{11/} Special Studies in the Field of Public Welfare, October 1939, with supplements for February and December 1940.

IV. COORDINATED INSURANCE STATISTICS AND FINANCIAL DATA

The Social Security Board is responsible for studying and recommending methods of providing social security in addition to those now included in the Social Security Act. For this purpose, information is needed on economic and financial aspects of programs established under the Social Security Act and on the operation of various related governmental programs--Federal, State, and local--to meet problems of economic insecurity.

The Bureau of Research and Statistics for several years, therefore, has compiled and published in the Bulletin and Yearbook coordinated social insurance data which can be classified under three broad headings:

1. Integrated social insurance statistics: Data on the number of beneficiaries and payments made to these beneficiaries under social insurance and related programs.
2. Estimated pay rolls in covered employment: Quarterly statistics on the proportion of all wages and salaries covered by selected social insurance programs.
3. Social security and other income payments: Relation of social insurance payments to all other types of income payments.

Various series of statistics compiled by the Bureau of Research and Statistics record financial operations under the several social security programs which are to be distinguished from the operating data described in other chapters of this report on numbers of recipients and payments to individuals. The regularly published statistics on fiscal operations under the Social Security Act and related programs are, in brief, of the following main types:

1. Receipts: Specially levied and earmarked receipts of the social security program, i.e., contributions collected under the Federal Insurance Contributions Act in connection with the old-age and survivors insurance program; Federal unemployment taxes and State unemployment contributions collected in connection with the unemployment compensation program; and taxes paid under the railroad retirement and unemployment insurance programs. All these collections are taxes paid with respect to either wages or pay rolls.
2. Expenditures: Social insurance benefits, outlays incurred in administration of the various programs, and grants to States under the eight programs provided for in the Social Security Act. Social insurance benefits paid appear as items in trust fund operations. The grant-in-aid figures indicate the extent of Federal financial participation in State welfare and insurance programs.

3. Trust funds: Social insurance trust funds, representing fiscal arrangements to hold contributions collected under old-age and survivors insurance and unemployment compensation in reserve for the subsequent disbursements provided for by law.

Integrated Social Insurance Statistics

A social insurance system as used in developing this series is defined as "a public program making payments to covered workers or their dependents on the basis of previous employment or service records, according to formulas specified in the laws, with payments financed from contributions of employers, employers and employees, or from public funds." After considering various alternatives, the series has been entitled "social insurance and related programs" to make allowance for the systems which meet the test of a social insurance system as defined but have additional attributes as well, such as governmental retirement systems which not only provide for protection against economic insecurity but are an important part of personnel policy.

The definition excludes from the series systems operating under private auspices and relief programs under which payments are based on need, rather than on employment or service records. Included under the definition are all public systems making retirement, disability, or survivor payments or payments for periods of unemployment. The data for all programs are shown separately so that adjustments may be made within the limits of the published figures if such adjustments are desired for a specific use.

The series was started in 1940 when comparable data were first available for four Federal or Federal-State programs--old-age and survivors insurance, railroad retirement, State unemployment compensation, and railroad unemployment insurance.^{1/} For 1936 and 1937 the data were on an annual basis; beginning with 1938, monthly data have been available. Subsequently, statistics relating to other programs have been added to the series, and at present comparable information is compiled and published for all programs on an annual basis and, for all except two major programs, on a monthly basis. For programs which have both monthly and annual benefit data, the annual figures represent the sum of the monthly totals. No information on the total number of different beneficiaries receiving payments during each year is available. The following tabulation shows the programs included in the series and the information currently available:

^{1/} The Bureau of Research and Statistics had earlier entered into a cooperative arrangement with the Railroad Retirement Board for publication of summary monthly data on operations under the railroad retirement and railroad unemployment insurance programs (February 1943, Bulletin, pp. 46-48, 53-54).

<u>Program</u>	<u>Statistics available</u>		
	<u>Monthly basis</u>	<u>Beneficiaries</u>	<u>Annual basis</u>
<u>Benefits</u>		<u>Benefits</u>	
Old-age and survivors insurance..	Yes	Yes	Yes
Railroad retirement.....	Yes	Yes	Yes
Federal civil-service retirement.	Yes	Yes	Yes
Other Federal retirement.....	No 1/	No	Yes
State and local government retirement.....	No 1/	No 2/	Yes
Veterans' pensions and compensation.....	Yes	Yes	Yes
State unemployment compensation..	Yes	Yes	Yes
Railroad unemployment insurance..	Yes	Yes	Yes
Workmen's compensation.....	No 1/	No	Yes

1/ Monthly estimates based on annual estimates provided by the Social Security Board are made by the Department of Commerce for inclusion in the monthly income-payment series.

2/ Available for last month of each fiscal year only.

Problems of compiling data on a comparable basis were worked out in cooperation with the agency concerned. In drawing together information for different programs, it was necessary to make a rather detailed study of the provisions of the laws under which the programs operated, especially with respect to coverage, types of benefits, benefit rates, contributions, and other factors affecting the comparability of data. As it became possible to include an additional program in the series, a brief article setting forth the main provisions under which the system operated was prepared and presented in the Bulletin with a description of the statistical information.2/ These articles give background material on the nature and scope of these systems which cannot be obtained from the statistics alone.

- 2/ See articles in the following issues of the Bulletin:
- March 1940--"Social Insurance Payments in the United States."
 - April 1941--"Benefits and Beneficiaries Under the Civil Service Retirement Act."
 - January 1942--"Workmen's Compensation Benefits in the United States, 1939 and 1940."
 - January 1942--"Federal Contributory Retirement Systems Other Than Civil Service."
 - November 1942--"Pensions and Compensation to Veterans and Their Dependents."
 - July 1943--"State and Local Employees Covered by Government Retirement Systems."

Benefit Payments

For form and content of monthly data, see the February 1943 Bulletin, pp. 58-59, and for annual summaries, the 1941 Yearbook, pp. 20-28. The figures for all programs represent payments to individuals and exclude the costs of administering the programs. Variations in the accounting procedures of the different agencies have made it impossible to present some payment data on a disbursement basis. Thus, payments under the different programs are represented by amounts certified to the Secretary of the Treasury for payment and by checks issued, as well as by actual disbursements. Insofar as possible, the figures are on a net basis; that is, adjustments have been made for cancellations, voided checks, and for underpayments and recoveries of overpayments.

Payments are classified both as to program and type of benefit or risk. Data can be obtained, therefore, for all payments under a specific program and also for particular types of risk such as unemployment, retirement, and disability, or survivorship.^{3/} Further subgroupings show the amounts paid out in the form of continuing monthly payments as compared with lump-sum payments. Refunds of employee contributions under the civil-service retirement system are shown as a separate item.

Annual data.--For several programs, administration is in the hands of many agencies scattered throughout the States. Thus the workmen's compensation programs operate under separate State laws, and State and local government retirement programs are administered under many State, city, and local laws. It has been necessary, therefore, for the Bureau of Research and Statistics to make a complete survey of available statistics for these programs in order to build up the data to a national level. The methods used in preparing estimates are described below in general terms.

Workmen's compensation.--The most nearly complete and comparable statistics on the national volume of workmen's compensation benefits paid each year are to be found in the Spectator, Premiums and Losses by States, published annually by the Chilton Company. The Spectator data, compiled from the Annual Statements that casualty insurance companies must file with the various State insurance departments, designate as "net losses" the amount of cash and medical benefits paid on workmen's compensation insurance policies during a calendar year. The total for the United States so reported is incomplete principally by the amounts paid by self-insurers and by certain State funds, chiefly those not required to file annual statements. To the amounts of "insurance losses paid" as reported in the Spectator were added the amounts paid by exclusive State

^{3/} In the monthly series it is not possible to separate retirement from disability payments; estimates for each type of benefit on an annual basis appear in the 1942 Yearbook, pp. 42-68.

funds and by the competitive State funds not included in the Spectator tables. Published reports of the State workmen's compensation agencies or unpublished material furnished by these agencies were used to obtain these data and also to estimate the amount of benefits paid in each State by self-insurers.

These sources have made it possible to estimate benefit payments under workmen's compensation laws on an annual basis, but not to estimate payments on a monthly basis ^{4/} or to estimate the number of beneficiaries receiving payments. It is hoped that it will be possible to make these latter estimates in the future.

State and local government retirement systems.--The problem of obtaining data relating to operations of these systems was similar to that for workmen's compensation but in some respects more difficult, since some systems operate under State laws and others under city and local ordinances. The smaller systems do not publish reports, and while most of the larger systems publish statistics on an annual basis, the lack of comparability and the absence of certain details made it necessary to seek other sources of information. A survey of the systems in operation was therefore started, using information from a mail canvass undertaken by the Division of State and Local Government of the Bureau of the Census. From the returns of this canvass, the Division of State and Local Government of the Census and the Division of Coordination Studies of the Board developed national estimates of benefit payments and beneficiaries for the fiscal year 1940-41. Using this over-all survey as a basis, it was possible to estimate data for the fiscal year 1941-42 from published reports and census data.

The mail canvass provided data for estimates of total annual benefit payments, payments and beneficiaries in the last month of the fiscal year, covered employment and wages, and a few other items.^{5/} For purposes of the integrated series, estimates for annual benefit payments are thus available, but not payments for each month. It will probably be possible eventually to estimate both monthly payments and number of beneficiaries. The Department of Commerce plans to substitute the annual estimates on benefit payments as derived from this survey for the figures now carried in its income-payment series. On the basis of this annual estimate the Department will estimate monthly payments.

Federal noncontributory systems.--The 11 systems included under this heading provide mainly "retired pay" to commissioned officers and enlisted men of the Army, Navy, Coast Guard, Geodetic Survey, and Public Health Service; the Army and Navy Nurse Corps; certain employees of the Lighthouse Service; judges of United States courts and justices of the Supreme Court; and the Hawaiian judiciary.

^{4/} The annual estimate made by the Bureau of Research and Statistics is used by the Department of Commerce in developing their income-payment series. Monthly estimates of benefit payments based on this annual figure are made by the Department of Commerce.

^{5/} The Scope of Protection Under State and Local Government Retirement Systems, Bureau of Research and Statistics Report No. 12, December 1943.

Benefit payments under these systems accounted for only 3.7 percent of all payments in 1942. Although each of these systems is administered by a central agency, monthly statistics are not available. Annual data are the basis used by the Department of Commerce for monthly estimates.

Federal contributory systems other than civil service.--Included in this group are systems for the employees of the Foreign Service of the State Department, the Tennessee Valley Authority, and the Examining Division of the Office of the Comptroller of the Currency, and for civilian teachers of the Naval Academy. Payments under these systems accounted for less than 0.5 percent of all social insurance and related payments in 1942. Payment data are available from the administrative agencies on an annual basis, and monthly trends are estimated by the Department of Commerce.

Number of Beneficiaries

In some cases, the number of beneficiaries represents the number who were certified for payment during the month; in others, the number on the rolls as of a certain day of the month; and for the unemployment insurance programs, the average number receiving payments in a period during the month. Except as concepts necessarily differ for weekly and monthly benefits, these differences are not of such magnitude as to affect to any serious degree the comparability of the data.

The number of beneficiaries receiving payments under the State and local government retirement systems is available only for the last month of each fiscal year; for the workmen's compensation program and the Federal retirement programs other than civil service, no data on the number of beneficiaries are available.

Quarterly Series on Pay Rolls in Covered Employment

In order to study trends and shifts in wages paid in employments covered by social insurance systems, the Bureau of Research and Statistics has developed a series of wage data relating covered wages to total wages. Estimates of data on wages paid in employment covered by specific programs are obtained from the responsible agencies, and total wages are based on the Department of Commerce estimates (February 1943 Bulletin, pp. 56-57). Each year, wages paid under these four programs and under the State and local government retirement systems and the Federal civil-service retirement system are presented (1941 Yearbook, p. 14). It is not possible from available data to estimate covered wages for the latter two programs on a current basis.

The estimate of total wages and salaries by the Department of Commerce represents wages and salaries paid in cash and kind in the continental United States and, in addition, Army and Navy pay rolls in other areas. Employee contributions to social insurance and related programs are included in wage and salary figures used in this series in order to make the data comparable with wages paid under social insurance programs, which are wages paid before deductions. The wages used in this series therefore differ from those discussed later as part of total monthly income payments.

In developing the wage and salary estimates, the Department of Commerce uses various censuses and annual reports as bench marks for projecting the data forward monthly by means of indexes of change, such as the Bureau of Labor Statistics monthly index of pay rolls, and the quarterly data of the Bureaus of Employment Security and Old-Age and Survivors Insurance. The use of BLS data in estimating month-to-month changes introduces a minor difference in the total wage series as compared with wage data reported or estimated as paid under the social insurance programs. This difference arises from the fact that wages paid in the form of year-end bonuses are included in the annual or Census reports against which the monthly BLS indexes are applied. Inasmuch as these indexes do not take account of such bonus payments, the resulting monthly series spreads bonus payments throughout the 12-month period, whereas in the series of wage data for social insurance programs they are concentrated in the last quarter of the year. In the wage and salary series used by the Bureau of Research and Statistics, an adjustment has been made in the Commerce data to concentrate these bonus payments in the fourth quarter and thus make the series comparable with the data shown for covered pay rolls.

Old-Age and Survivors Insurance

From quarterly reports to the Bureau of Old-Age and Survivors Insurance (part I), it is possible to obtain accurate estimates of wages taxable under this program. Inasmuch as only the first \$3,000 a year in wages is taxable, however, it is necessary to estimate amounts of wages in excess of \$3,000 to give a basis for comparison with total wages. In estimating this nontaxable portion of total wages paid in covered employment, State reports to the Bureau of Employment Security which contain information by quarter on total and taxable wages (part II) are used to derive ratios for estimating nontaxable wages paid in employment covered by the old-age and survivors insurance program.

State Unemployment Compensation Laws

The wage data under this program for all except the current year are actual reports of wages paid in employment covered by the program. For current data, estimates are made on the basis of the previously described identical-firm reports received by the Bureau of Employment Security on a sample basis.

Railroad Employment

Wages paid to railroad workers are taxable to the extent of \$300 a month under both the railroad retirement and unemployment insurance programs. The Railroad Retirement Board provides estimates of both taxable and nontaxable wages.

Employment Covered by the Federal Civil-Service System

From reports of employee contributions to the retirement system, it is possible to estimate for each year wages paid to Federal employees covered by this system.

The Managing Trustee of the fund reimburses the general fund of the Treasury from the trust fund for administrative expenses incurred by the Treasury and the Social Security Board under the old-age and survivors insurance program and the Federal Insurance Contributions Act. Contributions currently appropriated minus current benefit payments and repayments of administrative expenses constitute the current accretions to the trust fund. These amounts are either invested in Government securities or deposited as a cash balance with the disbursing officer. Investments are of the same type as for the old-age reserve account, but no minimum yield is specified. Special obligations, however, are required to bear a rate of interest equal to the average rate of interest on the public debt outstanding at the end of the calendar month next preceding the date of issue, or, if the average rate is not a multiple of one-eighth of 1 percent, a rate equal to that multiple of one-eighth of 1 percent next lower than the average rate. Interest on special obligations held by the trust fund is credited annually in June, and on publicly offered securities whenever payable; when securities are redeemed, interest is credited to the fund at the time of redemption.

Unemployment trust fund.--Methods of handling reserves accumulated under State unemployment compensation laws have been developed to minimize the monetary and credit effects of shifting funds among geographic areas and political jurisdictions. The various steps involved may be separated into two parts. One set covers the flow of unemployment compensation funds from the collection of contributions by State agencies to the payment of unemployment benefits by the States; the other includes the Federal financial operations which are interrelated with the State operations.

Contributions under State unemployment compensation laws are usually paid directly to the State unemployment compensation agency, rather than to the State revenue department, and are then transferred to the State clearing account. These clearing accounts are mainly administrative devices for directing the flow of funds from the States to the Federal unemployment trust fund. Receipts of the clearing account include penalties and interest on delinquent collections as well as contributions, and tax refunds are paid from this account. Amounts in the State clearing account are then transferred to the State account in the unemployment trust fund. Since State deposits in the trust fund are usually made in round sums, however, small amounts ordinarily remain in the clearing accounts at all times.

The Social Security Act authorizes and directs the Secretary of the Treasury to receive and hold all moneys deposited by a State agency from its unemployment fund. Such deposits may be made directly with the Treasury or with any Federal Reserve bank or member bank designated for such a purpose. These deposits are received by the Treasury and credited to the separate State accounts in the Federal unemployment trust fund maintained on the books of the Commissioner of Accounts and Deposits. Deposits usually are made at least once a month but may be made more frequently. The largest amount of deposit occurs, generally, in the second month of each quarter. Because of the time lag between the collection of contributions by States and their deposit in the Federal fund, and because not all contributions are deposited, data for these series differ considerably at any specific time.

State withdrawals from the trust fund must be only for the purpose of paying benefits and cannot exceed the amount standing to the credit of the State. The fund maintains an uninvested portion to meet current State requisitions, but if requests exceed the amount of cash in the fund, some of the securities held by the fund must be redeemed to make cash available. Withdrawals for benefit payments have always been in rounded amounts. Typically, States withdraw funds only once or twice each month, but sometimes more frequently. Funds withdrawn from the trust fund are deposited by States in their benefit-payment accounts, out of which benefits are paid to unemployed persons.

The total amount of funds available to any State for benefit payments at any one time consists of the aggregate of amounts in its clearing account, the balance in its account in the unemployment trust fund, and the funds in the State benefit-payment account. Data compiled by the Bureau of Employment Security showing the total amounts available for benefits, by State, appear quarterly (February 1943 Bulletin, p. 38).

The railroad unemployment insurance account has been a separate account in the unemployment trust fund since July 1939. The Railroad Unemployment Insurance Act of 1938 provided for transfers of funds to the railroad unemployment insurance account from each State account. The amounts to be transferred were determined by the Social Security Board, after agreement with the Railroad Retirement Board and in consultation with the States, to represent the difference between collections by the States from railroad employers and benefits paid by the States to railroad workers, with respect to unemployment occurring prior to July 1, 1939, plus collections made by the States from railroad employers and employees between July 1 and December 31, 1939.

Unemployment insurance contributions are collected by the Railroad Retirement Board from railroad employers, and 90 percent of the amounts collected is deposited in the railroad unemployment insurance account. The withdrawals from this account are the exact amount needed for benefits, since checks are drawn for each beneficiary. The remaining 10 percent of contributions is placed in the railroad unemployment insurance administration fund for administrative expenses.

Amounts in the Federal unemployment trust fund not required to meet current withdrawals are invested as a single fund in interest-bearing obligations of the United States, obligations guaranteed by the United States, or special obligations issued exclusively to the trust fund. The rate of interest on such special obligations must be equal to the average rate of interest on the public debt outstanding at the end of the calendar month next preceding the date of issue, or if the average rate is not a multiple of one-eighth of 1 percent, to that multiple of one-eighth of 1 percent next lower than the average rate. Investments are made periodically as amounts are deposited in the State or railroad accounts. Because of the quarterly pattern of State collections and deposits, the volume of investments is usually largest in the second month of each quarter. Special obligations acquired by the fund are short-term certificates with a maturity date of June 30 of the year in which they are issued; these certificates are redeemed and new series issued at the end of each fiscal year.

Employment Covered by State and Local Systems

Annual estimates of covered pay rolls and contributions are made on the basis of a special study made by the Bureau of Research and Statistics and kept current on a sample basis.

Social Security and Other Income Payments

The relation of social insurance and relief payments to total income payments permits an evaluation of the effectiveness of these programs in meeting economic insecurity and affords a basis for judging the interrelationships between social insurance and relief payments and various other types of income. To provide a basis for this type of analysis, the Bureau of Research and Statistics uses the income-payment series of the Department of Commerce, which includes data on social insurance and relief payments from the Board's integrated series. Certain adjustments are made in the Commerce data as published, to make the series conform more nearly to Social Security Board needs:

Income Payments to Individuals

As published by the
Department of Commerce

Total 1/

Wages and salaries

Total

Work relief

Direct and other relief

Social security benefits and other labor income

Dividends and interest

Entrepreneurial income, net rents, and royalties

Veterans' bonus

As published by the
Social Security Board

Total 1/

Compensation of employees 1/

Wages and salaries

Other labor income

Relief

Work

Direct

Social insurance and related payments

Dividends and interest 1/

Entrepreneurial income, net rents, and royalties 1/

Veterans' bonus

Military allowances

(Government portion)

1/ Adjusted for seasonal variation.

In the Commerce series, work relief is included in wages and salaries, and other labor income, which includes allowances to members of the armed

forces, industrial pensions, and directors' fees, is included with social security benefits. In the Social Security Board's adjusted series, work relief is subtracted from wages and salaries and included under relief, while "other labor income" is separated from "social security benefits and other labor income" and added to wages and salaries to get compensation of employees. In the series as published by the Department of Commerce, allowances paid to members of the armed forces since September 1942, including both the contributions of the armed forces and the Government's contribution, are included with compensation of employees. In the series as adjusted by the Social Security Board, the Government's portion of military allowances is now (1944) shown separately; data are not available at this time on the portion contributed by members of the armed forces but it is expected that such data will be available within the near future. In the Social Security Board series, they will then be subtracted from compensation of employees and shown with the Government portion of the military allowances. For purposes of the Board, these shifts result in a clearer distinction between social security and other income payments. Data are available in the Bureau of Research and Statistics on both a seasonally adjusted and unadjusted basis; only the seasonally adjusted data are published monthly in the Bulletin (February 1943, p. 56).

Financial Statistics on Social Security Programs

The source of most financial statistics on the social security programs is found in the accounting records of the Treasury Department, which is the collecting and disbursing agent in connection with Federal social security operations. The Treasury records many of these operations on two different accounting bases. Checks issued show the amount of checks written by the Treasury and distributed to the respective payees but do not indicate the amount of checks received by payees or actually cashed by them. Checks cashed reflect the amounts represented by vouchers returned to the Treasury. The amount of checks issued and checks cashed during the same period for a given program are nearly always different. A check issued and sent out in the last few days of March, for example, may not be received or cashed until the beginning of April. In this case, the amount would be included in the checks-issued series for March and also in the checks-cashed series for April.

In addition to the data emerging from accounting operations of the Treasury, the Bureau of Accounts and Audits of the Social Security Board compiles summary data on certifications by the Board to the Treasury for grants to States for the programs administered by the Board. These certifications are for a specific period, usually a quarter or 6 months, and are typically made in advance of the period during which the funds are to be used.

Receipts

In 1943, more than 2 million employers and approximately 50 million workers contributed toward some form of social insurance. The various series of available tax statistics for the social security programs are

described separately below (February 1943 Bulletin, p. 65, and 1941 Yearbook, p. 42, show form and content of series).

Federal insurance contributions.--Federal insurance contributions are payable with respect to the first \$3,000 of annual wages in all but a few employments specifically excepted by the Social Security Act (part I). During 1937 and 1938, wages received by individuals aged 65 and over were not taxed, but this restriction was lifted retroactively to January 1, 1939, by the 1939 amendments to the Social Security Act. The retroactive taxes due were payable in the third quarter of 1939 and are not separated in the statistics of collections during that quarter from regular taxes paid during the same quarter. Federal insurance contributions collected are tallied daily by the Treasury Department along with other internal revenue receipts.

During 1937 employers were required each month to file tax returns, pay taxes, and remit employee contributions withheld from pay envelopes on the previous month's pay roll. Beginning with January 1, 1938, returns were required only quarterly on the pay rolls of the previous quarter. Taxes on each quarter's pay rolls are now payable by the end of the month following the end of the quarter; thus, returns on January-March pay rolls are due by April 30. Because of the time involved in handling returns and since most taxes are paid only on the very last days of the month, only small amounts of quarterly tax receipts are recorded in Treasury accounts before the second month following the end of each quarter. Receipts in the third month of each quarter are a relatively small part of total quarterly receipts.

As a result of this quarterly system of payment, significant monthly comparisons can be made only with corresponding months of different quarters. Because of the shift in frequency of collection starting in 1938, collections during the early months of 1938 were mainly payments with respect to December 1937 pay rolls, although some delinquent payments from previous months were included. Collections in February and March 1938 also probably consisted chiefly of payments on 1937 pay rolls. Beginning with April 1938, collections began to assume the regular quarterly pattern described.

Since figures on Federal insurance collections for given periods are available much sooner than tabulations of taxable pay rolls for the same periods, the former are sometimes used to make preliminary estimates of currently taxable pay rolls. Special characteristics of the collection data resulting from administrative procedures used, however, limit to some extent the usefulness of tax collections for such purposes. Data on contributions collected represent an actual count of moneys received during the specified period. They do not consist exclusively of taxes on pay rolls during the immediately preceding period, since collections in any quarter include some delinquent returns for previous quarters. The number of delinquent employers and the amount of their tax liabilities are probably small, however.

Fiscal and calendar-year data on insurance contributions are not directly comparable with taxable pay rolls in the same fiscal or calendar year, because of the quarterly lag between the pay-roll period and the quarter when taxes relating to that period are paid. In using insurance contributions as an indicator of the changes in total taxable pay rolls for a given fiscal or calendar year, accordingly, October-September or April-March collections, respectively, must be used.

Data on the monthly amount of collections in each internal revenue collection district are regularly available, and quarterly collections in each district are reported in the Bulletin (February 1943, p. 66). These data are in terms of warrants covered by the Bookkeeping and Warrants Division of the Treasury Department and therefore differ slightly from receipt figures for the Nation as a whole as reported in the Daily Statement of the U. S. Treasury. The collection district figures represent taxes actually received in the districts in the respective States. An amount received by a particular district, however, does not necessarily represent--either all or exclusively--taxes paid with respect to employment within that district, since employers may file their returns from one office although they may have establishments in several States. This collection district series also has the same characteristics as the other series described above, that is, the quarterly lag between pay rolls and collections, the inclusion of delinquent payments in collections for any period, the coverage characteristics, and changes over time in administrative procedures and legislation governing frequency of payment.

Federal unemployment taxes.--The Federal unemployment tax is a levy on employers of eight or more workers in all but certain specifically excepted employments. Up to a 90-percent offset against the tax is permitted to employers contributing to a State system of unemployment compensation approved by the Social Security Board. When this tax first became effective on January 1, 1936, all wages paid in covered employment were taxable. Effective January 1, 1940, however, wages in excess of \$3,000 per annum paid to an employee by a single employer were no longer taxable. A few State laws had such an upper limit on taxable wages before the change in the Federal law; prior to 1940, employers in those States paid the full 3 percent on wages over \$3,000 to the Federal Government.

Employers must file returns on Federal unemployment taxes annually on the pay rolls of a whole calendar year by the end of the month immediately following the end of the year; that is, returns on 1936 pay rolls were due by January 31, 1937, returns on 1937 pay rolls were due by January 31, 1938, and so forth. An employer is permitted to elect to pay this tax in four quarterly installments, payable at the end of the first, fourth, seventh, and tenth months. The bulk of the receipts are actually reflected in Treasury accounts in the months following these due dates because of the time involved in handling payments. Actually, a large percentage of employers do not elect to pay by installments, hence the major portion of receipts each year is recorded in the February figures. Collections of these taxes are reported daily by the Treasury Department in the same manner as are Federal insurance contributions. Monthly and annual collections are reported regularly in the Bulletin and Yearbook.

Analysis of figures showing receipts of these taxes for various periods must take into consideration various legislative and administrative changes which have occurred since 1936. In the first place, the generally effective rate, after allowance for the maximum offset against the Federal tax, changed from 0.1 percent in 1936 to 0.2 percent in 1937, and to 0.3 percent in 1938 and thereafter. Moreover, some States failed to enact unemployment compensation laws before 1937, so that their employers received no credit against the Federal tax during 1936. The Second Deficiency Appropriation Act of 1938, through a provision designed to eliminate tax differences among States resulting from delays in enacting unemployment compensation laws, authorized refunds to 15 States and Territories which had no approved unemployment compensation law on December 31, 1936, of 90 percent of Federal unemployment taxes paid by employers therein before January 31, 1938. The appropriation for these refunds, amounting to \$40,561,886, was paid into the State accounts in the unemployment trust fund in June 1938. The figures for Federal unemployment-tax collections by year have not been adjusted for these refunds.

Changes in the employments covered by the tax also have been reflected in tax collections. Effective July 1, 1939, the Federal Railroad Unemployment Insurance Act removed railroad employers from coverage under the Federal Unemployment Tax Act. The exception of member banks of the Federal Reserve System was terminated as of January 1, 1940, by the Social Security Act Amendments of 1939.

The operation of State experience-rating provisions has no effect on the Federal unemployment-tax collections, which remain at the 0.3-percent effective rate, even though the taxes paid in many States are at a substantially lower rate than the standard 2.7 percent.

Like insurance contributions, data on Federal unemployment-tax collections are also available by internal revenue collection district.

State unemployment compensation contributions.--Contributions collected from employers under all State unemployment compensation laws, and from employees as well in a few States, are deposited in State clearing accounts and thence transferred to the unemployment trust fund in the Federal Treasury. Figures showing the amount of such contributions each month are derived from monthly reports by each State unemployment compensation agency to the Social Security Board.

Since each State program operates under the coverage provisions of its own specific law (part II), there are both statutory and administrative differences among the States in liability for contributions. At present, all States levy unemployment taxes at a standard rate of 2.7 percent, except in Michigan where the rate is 3 percent. The operation of experience-rating provisions in numerous States, however, has resulted in considerable variation both within and among the States in the actual rates paid by employers. In 1942, for example, the average contribution rate for State unemployment insurance for the Nation as a whole was 2.1 percent. The average rate was

less than 1 percent in Delaware, less than 2 percent in 18 other States, between 2.0 and 2.4 in 14 States, and 2.7 percent in Wyoming.^{6/}

Administrative procedures with regard to frequency of tax payments and related matters have varied from State to State. In the early stages of the program, most States collected unemployment taxes monthly on the previous month's pay roll. Subsequently there was a gradual shift to quarterly collections, and now all States are on a quarterly collection basis. Differences remain as to the time when quarterly payments are due--in some States during the first month following the end of each quarter, in others in the second month. In general, a very large proportion of total quarterly collections is received during the first and second months of the quarter, while collections during the third month are negligible. When New York State changed its due date for unemployment taxes from the fifteenth of the first month to the fifteenth of the second month of the quarter, the effect on the total for all States was such that the heaviest collections were shifted from the first to the second month of the quarter.

Series showing total State unemployment contributions for the Nation as a whole appear monthly in the Bulletin (February 1943, p. 65). Figures on a monthly basis first became available for January 1938; prior reports were irregular. From time to time, adjustments in previous monthly reports are incorporated in the published series. Cumulative and quarterly collections, by State, compiled by the Bureau of Employment Security, are reported quarterly in the Bulletin (February 1943, p. 38).

Railroad retirement taxes.--Taxes have been payable by carriers and their employees under the Carriers Taxing Act since March 1, 1936, with respect to wages of individual employees not in excess of \$300 a month. The initial rates of contribution were 2 3/4 percent each for employers and employees; they rose to 3 percent in 1940 and 3 1/4 percent in 1943, and will continue to increase 0.25 points every 3 years until they reach 3.75 percent in 1949. Taxes are payable quarterly, and returns are due within 60 days after the end of the quarter. Because of this 2-month lag, receipts from these taxes are largest during the third month of each quarter. These collections become part of the general receipts of the Treasury.

Railroad unemployment insurance contributions.--Railroad unemployment insurance contributions first became payable on July 1, 1939, and are levied on employers only, at the rate of 3 percent, applied to wages not in excess of \$300 for any calendar month. Contributions are collected directly by the Railroad Retirement Board. That Board deposits 90 percent of the receipts in the railroad unemployment insurance account of the unemployment trust fund, from which benefits are paid. The remaining 10 percent is set aside in a special administrative fund known as the railroad unemployment insurance administration fund, the moneys of which are permanently appropriated to the Railroad Retirement Board for administrative expenses or for transfer to the benefit account if the fund rises above \$6 million. Since these taxes are payable quarterly within 60 days

6/ See pages 42-43 for description of data on experience rating.

after the end of the quarter, most of the collections are reflected in published series in the third month of each quarter.

Expenditures

Expenditures under the Social Security Act reflect the diversity of the several programs and the different levels of government participating in administration and financing. Statistical series are available for three main types of expenditure: benefit payments, administrative expenses, and Federal grants.^{7/}

Benefit payments.--Payments under social insurance programs are described elsewhere in this report, and discussion here relates only to data included in special financial series. Social insurance benefits are paid out of trust funds and are not a budgetary expenditure of the Federal Government. In the financial series, benefits paid from the old-age and survivors insurance trust fund, the railroad retirement account, and the railroad unemployment insurance account which is part of the unemployment trust fund. (February 1943 Bulletin, pp. 67-69, and 1941 Yearbook, p. 43) are on the basis of checks cashed and returned to the Treasury and thus differ somewhat from other benefit series showing amounts awarded or certified.

Data on the unemployment trust fund show withdrawals by States for benefit payments but cannot be taken as an exact measure of the trend of benefit payments in any month, since States withdraw funds in advance of the payment of benefits.

Administrative expenditures.--Federal expenditures for administration under the Social Security Act are reported each month in the Bulletin (February 1943, p. 62) and are related to the relevant appropriation figures. These expenditures are on a checks-cashed basis and are classified for the following agencies: the Social Security Board, the Bureau of the Census for searching records for old-age and survivors insurance claims, the Children's Bureau of the Department of Labor, and the Treasury Department in administration of title II of the Social Security Act and the Federal Insurance Contributions Act. Data on expenditures by the U. S. Public Health Service in connection with its administrative activities under the Social Security Act are not available because these funds are combined with other Federal funds for similar purposes. The general fund of the Treasury is periodically reimbursed out of the old-age and survivors insurance trust fund for administrative expenses incurred by the Social Security Board and the Treasury in administering the old-age and survivors insurance program. The monthly amount of such reimbursement is shown in the statement of the status of the old-age and survivors insurance trust fund regularly contained in the Bulletin.

7/ Federal grants to States for public assistance under the Social Security Act are used to meet part of State and local expenditures for payments to recipients and administrative expenses. The payments to recipients of special types of assistance described in part III represent expenditures from Federal, State, and local funds.

Administrative expenditures of the Social Security Board, classified by object of expenditure and by Bureau and Office, are reported for fiscal years in the Annual Report of the Board.

Administrative expenses of State unemployment compensation programs are financed through Federal grants under title III of the act. Federal grants to States are also made to assist in financing State and local expenditures for administration of special types of public assistance under the Social Security Act.

Grants to States.--The Social Security Act provides for grants-in-aid in connection with eight different programs. Prior to July 1943 the act also provided for grants for a ninth program, vocational rehabilitation, but this provision was made inoperative by the Vocational Rehabilitation Act Amendments of 1943. Grants for the three public assistance programs and part of those for maternal and child health services and for services for crippled children are required to be matched by equal amounts of State or local funds. In contrast, grants for unemployment compensation administration, parts of the grants for maternal and child health services and for services to crippled children, and grants for child welfare programs require no matching. The grants for public health work are not required by statute to be matched, but such a provision has been developed in regulations.

A second important distinction among the several types of grants provided by the act is that between what is described as "open-end" grants and "closed" grants. The total amount of open-end grants made in a given year is limited only by the expenditures of the States, since the Federal Government is obligated to match all State funds expended in accordance with the provisions of the act. Such an obligation now exists with respect to the three public assistance programs, for which the Social Security Act authorizes the appropriation each year of a sum sufficient to meet the purposes of the program. Although Congress makes annual appropriations for these programs, the amounts appropriated are based on estimates of future grants as indicated by State budgets submitted to the Board; if appropriations are insufficient, Congress presumably is obligated to pass a deficiency appropriation.

For each of the five grant programs other than public assistance, a limit on the maximum annual appropriation is specified in the enabling law: unemployment compensation administration, \$80 million; public health work, \$11 million; maternal and child health services, \$5,820,000; services for crippled children, \$3,870,000; and child welfare services, \$1,510,000.

Federal-grant programs other than those authorized by the Social Security Act relate principally to the fields of education, public roads, and natural resources. The 1941 Yearbook, p. 45, shows amounts paid to each State in the fiscal year under all Federal-grant programs distributed by major types of public service.

Appropriations for grants under the Social Security Act are made each year by Congress in regular appropriation acts. Supplementary appropriations are occasionally provided in deficiency acts. Each month the Bulletin